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Trade deficit third highest at £510m.

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN HAD a visible trade deficit last month of £510m.—the third largest gap on record, and £156m. higher than in October. The increase can be almost entirely explained by a big increase in oil imports ahead of to-day's OPEC meeting.

Even after allowing for this, there are virtually no signs yet of any real improvement in the underlying trade position.

The announcement of the figures, which were much worse than expected by the City, was followed by a drop of about three-quarters of a cent in the pound, reversing earlier gains.

Sterling closed slightly above its worst at $1.6760, a drop of 55 points on the day and 1.75 cents lower than the day's high. The trade-weighted depreciation widened from 44.4 to 44.6 per cent.

The trade figures also led to losses of between half a point and three-quarters of a point in gilt-edged prices. But as in the foreign exchange market, gilts closed above the worst, with losses of ½ of a point, after the comment by the Prime Minister in the Commons that he could not promise that to-day's statement would "please people."

Both sterling and gilts had, until yesterday, been firm in anticipation of a major package including sizeable public spending cuts on which Mr. Denis Healey, the Chancelor of the Exchequer, is expectedto speak for between 30 and 40 minutes this afternoon.

BALANCE OF PAYMENTS
Seasonally adjusted £m.

		Visibles	Invisibles	Current account
1975	1st	—852	+403	—449
	2nd	—681	+324	—357
	3rd	—989	+434	—555
	4th	—682	+387	—295
1976	1st	—478	+445	—33
	2nd	—1,004	+471	—533
	3rd	—1,206	+569	—637
June		—337	+157	—180
July		—528	+190	—338
August		—298	+189	—109
Sept.		—380	+190	—190
October		—354	+200*	—154
Nov.		—510	+200*	—310

* projections

The latest trade figures underline the official concern about the long time it is taking for export volume to respond to the depreciation of the pound this year. Although the drop of 2.5 per cent. drop in the volume of exports las month can be partly explained as a statistical quirk. Volume in the last three months was barely higher than in the spring after the dip in the summer.

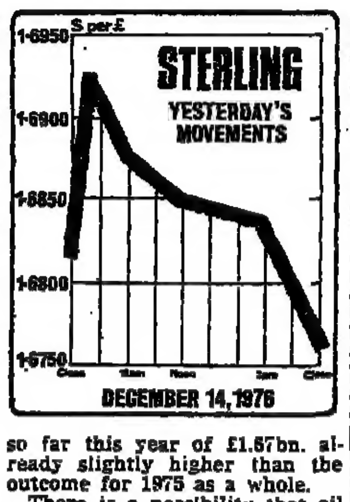
Meanwhile, imports continue to increase—by 4 per cent. in the last three months compared with the previous quarter—and import prices are being pushed up by the fall in sterling.

However, in contrast with what happened after the depreciation of the pound in spring, export prices are not rising as rapidly as import prices. This was reflected in a drop of 1 per cent. last month in the terms of trade—the ratio of export prices to import prices—after a drop of 1.5 per cent. in October.

This is a return to the more normal "J" curve pattern after a depreciation. The contrast with the relative firmness of the terms of trade in the spring and summer may be because exporters, who then kept up their prices in terms of foreign currency and took more of the immediate benefits of a fall in the pound in profits, are now taking a slightly different view because of the slower growth in world trade.

The worsening in the terms of trade has resulted in a continuing sharp growth in the total value of imports — £156m. higher last month at £2.74bn. — while exports only increased by £4m. to £2.23bn.

However the fall in the pound is having a favourable effect on invisibles and the monthly surplus from these items is now estimated at £200m. As a result the current account deficit last month was £310m. with a total



so far this year of £1.67bn. already slightly higher than the outcome for 1975 as a whole.

There is a possibility that oil imports may fall in the earlier months of next year after the current build up of stocks. This was reflected in a rise of £146m. in the value of crude oil imports last month and a widening in the overall oil deficit to £409m. from the low October figure of £261m. in spite of another increase in oil exports.

Another expectation for next year is that import volume may grow more slowly in line with the economy generally

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Industrial production Back Page

'New impetus' from Richard Africa tour

BY OUR FOREIGN STAFF

BRITAIN will send Mr. Ivor Richard, chairman of the Rhodesia Conference in Geneva, on a shuttle mission to southern Africa to give "fresh impetus" to the negotiations, Mr. Anthony Crosland, the Foreign Secretary, told the Commons yesterday.

The conference, which was adjourned yesterday, will resume in Geneva on January 17 with no fixed deadline, after Mr. Richard has completed his round of consultations with African leaders.

Mr. Crosland said Mr. Richard woul develop the Government's "positive ideas for a settlement,' including in particular the direct role that Britain might play in the transitional period before independence.

Mr. Richard, who starts his mission on December 28, will visit both Pretoria and Salisbury, and will also meet the Presidents of neighbouring "front-line" States and African nationalist leaders.

Crosland's role

Mr. Crosland said he would be ready to go to either Africa or Geneva himself if Mr. Richard's consultations showed this to be necessary or desirable. But he is believed to feel that his personal intervention is a card that should not be played prematurely.

The new U.K. initiative is based on a growing conviction in Whitehall that a British presence in the transitional period before independence is the key to securing agreement from both sides on the form of an interim Government.

Such a presence would serve the double objective of reassuring the African side that progress towards majority rule was irreversible, and the whites that their interests would be protected.

Details of the British presence remain to be discussed with both sides. But Whitehall is understood to favour sending a civilian rather than a military man if there is to be some kind of British resident commissioner or Governor-General.

The despatch of armed troops is still being categorically ruled out in London, although it is admitted that unarmed "advisers" might be sent. The possibility of the Commonwealth playing a role in the operation has also been actively considered.

The Government is pressing ahead with requests for contributions from other countries to the international fund that is likely to be set up to finance the move to independence.

The fund would provide aid for industrial development and a crash education programme, as well as offer financial inducements for white Rhodesians to remain in the country after independence.

In his statement to the House Mr. Crosland said the decision to adjourn the conference and send Mr. Richard to Africa had the strong support of Dr. Henry Kissinger, the outgoing U.S. Secretary of State, who was in London at the week-end.

"For all the angry statements which are made from time to time, we have, in my view, a good chance of achieving a peaceful settlement in Rhodesia," the Foreign Secretary said.

The Government's intention was to meet the concern of the African nationalists that the process of transition to independence should be rapid and guaranteed, and the anxieties of the Europeans that it should be orderly.

Whitehall does not seem to be too dismayed by the hostile reaction of Mr. Ian Smith, the Rhodesian Premier, to suggestions that a British representative be installed in Salisbury.

Editorial comment Page 14

'Think Tank' criticises CEGB in power industry report

BY MAX WILKINSON, INDUSTRIAL STAFF

THE CENTRAL Electricity Generating Board has been strongly criticised in a report by the Central Policy Review Staff ("Think Tank") on the heavy power industry, to be published to-morrow.

The Board is preparing a detailed defence to be delivered to the Government at the same time as the report is published.

The review staff was asked to find ways of helping the industry, now facing a complete famine of orders from the Generating Board, and difficult export market.

The general charge against the CEGB is that it has shown insufficient understanding and sympathy for the long-term health of its supplying industries, and is sheltering behind an aloof customer-client relationship.

Paradoxically, the investigators found the CEGB's supervision of contracts much more detailed than exercised in most other countries.

The "Think Tank" believes the exhaustive specification for power stations and detailed monitoring of contracts may had an inhibiting effect on manufacturers.

The main charges against the electricity Board are:

1.—Serious over-ordering of plant in the early 1960s, which swamped manufacturers and has now given the Board 40 per cent. surplus capacity.

2.—Over-hasty ordering of the first generation of 500 MW turbine generator sets before manufacturers had debugged (eliminated problems from) the prototypes.

3.—Reluctance to order prototypes of the next generation of 800MW-1,200MW sets in time to give manufacturers a firm home base for exports.

[illegible] to give manufacturers an assured smooth ordering programme over the years. mshr cmf cmf cmfwetaovbgkq

The report also describes how the Government's failure to ppr-sue a successful and consistent nuclear strategy has put British manufacturers behind in the race for exports.

In reply, the CEGB will accept that more plant was ordered than necessary in the early 1960s, but will point out that this ordering was required to match the Government's forecast 4-5 per cent. growth in the economy.

It will say that oreding large 500 mw sets made sense in that context, and will contend that manufacturers assured the Board that hey could meet the demands.

On charges of interference in design and quality the Board will say that generalised complaints have not been backed by specific evidence of harm.

It will insist that its large design and engineering staff has given it a world-wide reputation for reliability and quality which has helped exports.

On forward ordering, the Board still maintains that no more power stations need be started until the 1980s, and it is flatly refusing to bear the extra cost, estimated at £100m., for a new coal-fired station at Drax B near Selby, next year.

Under the Board's charter, the Government might be unable to force it to bear this extra cost without a special Act of Parliament. The Board will strongly support one of the major conclusions of the report, that the turbine generator companies Parsons an dGEC, should merge, as should the two boilermakers, Babcock and Wilcox and Clarke Chapman.

Saudi Arabia determined to hold oil price rise at 8%

BY RICHARD JOHNS, MIDDLE EAST EDITOR — DOHA, QATAR, Dec. 14.

THE ORGANISATION of Petroleum Exporting Countries meets here to-morrow with most of its members expected to seek an oil price increase of 15 per cent. But with Saudi Arabia, the predominant power in the cartel, determined to hold it down to 5-8 per cent.

An end to the price freeze, in force since October, 1975, is inevitable and some members may pitch their bid high in the first instance. In practice most of the producers are understood to accept that the increment can be no more than 10 per cent.—even though they have held out for more recently.

This evening, Mr. Mana al Otaiba, United Arab Emirates Minister of Petroleum, arrived after talks with Sheikh Zaki Yamani of Saudi Arabia, to align their countries' positions. It appears that Saudi Arabia can count on full support from one member. Beyond that the indications are that the pressure for a substantial increase will be less than anticipated.

Militancy from Iraq, which has called for an increase of 36 per cent., seems certain, but other important producers are more flexible, according to delegates.

It is believed that Iran is reconciled to less than 15 per cent. More surprisingly, Mr. Izzedin al Mabrouk, Libyan Minister of Oil, has spoken about the need not to upset the world economy. Both Venezuela and Algeria are aware that there are wider issues at stake than the oil producers' preoccupation with the rising cost of their imports.

Even so Saudi Arabia will certainly find itself in a besiged minority once again in its calls for moderation and warnings about the world-wide economic effects of any increase above 5 per cent.

OPEC is meeting amid intense security arrangements. Circling helicopters and heavy calibre machine guns, mounted on Land-Rovers, guard the Gulf Hotel where the meeting is taking place. A year ago in Vienna the conference was held hostage by the international terrorists led by Carlos Illyich Ramirez.

At a conference here to-night Sheikh Abdul-Aziz Bin Khalifa al Thani, Qatar's Minister of Finance and Petroleum, said that "it was very essential we should have an increase."

He referred to the study by OPEC's economic commission calculating the inflation of members purchases from the industrialised countries at 26.9 per cent from October 1975, to the end of this year.

The method of calculation has not been disclosed and is wildly at variance with the IMF's indices showing an increase of 4 per cent. in the price of exports in the ten months from October 1975, to July 1976.

The head of one delegation here has been heard to admit that he was unsure of the extent to which imports ad contributed to his country's inflation while Sheikh Yamani is known to have expressed scepticism about the statistical exercise completed last month at OPEC's head quarters at Vienna.

As a two-tier price system is ruled out, members may set aside part of any increase in excess of the amount already committed as additional aid to the Third World. Alternatively, they may set an interim, six-month increase at a low rate for the first half of 1977, and declare that the price thereafter will be conditional on the outcome of the Conference on International Co-operation in Paris.

Executives seek jobs abroad

BY GEOFFREY OWEN

A MARKED increase in the number of senior executives seeking employment abroad is causing serious concern in industry.

The problem is especially acute for large, international companies where there is scope for internal transfers to foreign subsidiaries and where executives are more aware of income disparities between htemselves and their overseas-based counterparts.

A number of international companies have been seeking to draw the Government's attention to the problem in the last few months.

Sir John Read, chairman of EMI, has commented on the division which now exists in his company, and in others, between the U.K. group of managers "penalised by savage personal taxation and financially frustrated in consequence," and the group outside the U.K. "enjoying high rewards and high standards of living."

Another company in the same position is Standard Telephones and Cables, a subsidiary of ITT.

"We have had three resignations in the past few weeks," Mr. Ken Corfield, managing director of STC, said yesterday. "With a very modest promotion these men can triple or even quadruple their after-tax income."

In one case a man earning £11,000 a year in the U.K. was offered promotion to another U.K. post, carrying a £15,000 salary: instead, he took a job on the Continent worth £23,000.

Another man was offered a promotion involving a £5,000 increase in salary, but he decided to go to the U.S., where the job was roughly the same in status bust "vastly different" in after-tax remuneration.

Most of the people concerned are in the 35-45 age bracket and earning between £10,000 and

Continued on Back Page

NEWS SUMMARY

GENERAL

Union anger on bread prices

...ernment hopes of big cuts the price of bread were ...rmined by unions and ...rs.

...e union representing 15,000 ...d deliverymen said it would ...distribute to shops which ...cutting the maximum price ...ore than 4p.

...e Bakers' Union said it was ...idering recommending mem... not to bake bread being ...at big discounts.

...sociated British Foods said ...ould not sell bread at a dis... ...t of more than 26.7 per cent.

...rter names ...easury chief

Jimmy CVarter, the U.S. ...ident-elect, nominated Mr. ...ael Blumenthal, German-... chairman of the Bendix ...oration, to be his Secretary ...e Treasury.

...bloid Express

Daily Express is to change ...abloid size from January 24. ...k Page

...C rate held

...r cost-cutting in all depart...ts, the Greater London ...ncil is set to keep its rate ...7p for the third year running, ...iming that its calculations are ...affected by announcements ...n Mr. Denis Healey, Chancel-

'bad Bill'

...bitter attack on almost every ...ect of the devolution legisla...n was launched by Mr. Edward ...ylor, shadow Secretary for ...otland, who said it was a bad ...l, presented for the wrong ...sons and, if enacted, would ...duce the wrong results.

...amaica poll

...s general election to-day in ...aica offers the electorate a ...light choice between a capi...st or a socialist administra...n for the next five years. Page 6

...ain votes

...e than 22m. people in Spain ...to-day in a national referen...n on constitutional reform, ...result of which could be a ...or step towards a more ...ocratic form of government. ...k Page

...ms cuts 'in'

...ence will feature significantly ...the Chancellor's economic ...cage, Mr. James Wellbeinved, ...llamentary Under-Secretary ...the Royal Air Force, said.

...avy larks

...minutes of mayhem were ...nised for to-day by the crew ...n Prince Charles, after five ...a half years in the Navy, ...es the mine hunter Bronington at Rosyth, Fife.

...ople . . .

...Gilmore, the convicted ...derer, was said to be happy ...r a U.S. Supreme Court ...on clearing the way to his ...ution by firing squad.

...t Stock, manager of second ...sion Fulham, resigned: ...mmy Trinder, chairman for ...past 21 years, is expected to ...

...lyn Rees, Home Secretary, ...ting police and football ...esentatives in London, said ...ngsters aged 12 to 16 caused ...t soccer hooliganism and ...hol was a major problem.

... and places

...agua: Personal income-tax is ...e abolished from next month, ...Government said.

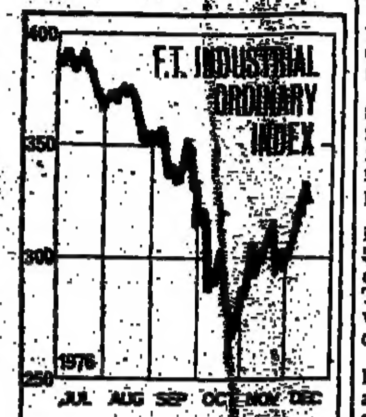
...n: Herr Helmut Schmidt ...ncellor, is expected to con... his willingness to help ...ain when he presents to Par...ent to-morrow his strategy ...the next four years. Page 5

...el: Unrest in the Israeli-...upied West Bank is spread... Page 6

BUSINESS

Equities fall 9.4; £ and $ weaker

● EQUITIES extended early losses after the November trade



figures were issued. The FT 30-share index gave up 9.4 to 324.3.

● GILTS were subdued, with falls ranging to ½.

● STERLING, after rising to $1.6925, fell to $1.6760, down 55 points on the day. Its weighted depreciation was 44.6 (44.4) per cent. Dollar's was 0.8 (0.57).

● GOLD gained $1 to $135¼.

● WALL STREET was 1.82 higher at 976.06 near the close.

● U.S. TREASURY Bill rates: Threes 4.360 (4.383) per cent.; sixes 4.508 (4.5.16) per cent.

Pit action call expected to-day

● MINERS' pit head ballot, to be declared today, is expected to show an overwhelming majority in favour of possible industrial action to support demands for early retirement. Back Page

● INDUSTRIAL PRODUCTION is gorwin genly very slowly at best, after increasing hardly at all over the past six months, according to the industrial output index for October. Back Page

● COMPANY LAW approved by EEC Foreign Ministers will almost certainly force 16,000 British companies to change their names to include the word "public" in their titles. Back Page

● POLISH Prime Minister Mr. Piotr Jaroszewicz will try to ensure that Britain buys more from Poland, reducing its trade imbalance, during his three-day visit to London, staring to-day. Page 7

● COMMERCIAL VEHICLE imports increased their share of the U.K. market last month, taking 14 per cent., compared with 9.8 per cent. in November, 1975. Page 8

● ENERY COMMISSION to oversee fuel policies and foster a more cohesive strategy is being considered by the Government.

● WEST GERMANY and Spain are to permit Advanced Booking Charters, boosting the hopes of Britain's Civil Aviation Authority that this form of cheap air travel will become possible throughout Europe. Page 3

● BIRDS EYE forecasts a continuing rise in frozen food sales next year, in spite of a probable standstill in general food sales. Page 11

● NATIONAL COAL Board announced a £9m. project to double production at Monkton coke works near Jarrow. Page 11

COMPANIES

● MONTAGUE L. MEYER, timber merchants, reports a recovery in first-half pre-tax profits to £7.66m. (£4.07m.). Page 17 and Lex

● ARTHUR GUINNESS pre-tax profits for the year jumped by £10.23m. to £39.81m. Page 18 and Lex

● HUTCHISON INTERNATIONAL appears to have bowed out of the prosepective batle for Wheelock Marden, while the other possible take-over party, Hong Kong Land, may also withdraw. Page 21

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

...rnes	53	+ 4
...isty Bros.	27	+ 5
...es and Shipman	62	+ 5
...ord Ridgway	60	+ 10
...ush-Borneo	124	+ 8
...Piran	58	+ 4

FALLS

...as. 15½pc 1998 A	28⅝	— ½
...s Charrington	75	— 3
...cham	384	— 8
...l (A)	145	— 8
...apman (Balham)	66	— 3
...rs A	228	— 10
...illers	113	— 4
[illegible]	287	— 11
[illegible]	380	— 15
...S. A	182	— 6
...mmerson A	287	— 8
Hawker Siddeley	410	— 8
ICI	306	— 8
IC Gas	306	— 8
Lloyds Bank	185	— 7
Lucas Inds.	190	— 6
Lyons (J.)	42	— 4
Marks and Spencer	89	— 5
Matthews Wrightson	180	— 6
Mothercare	188	— 8
P. & O. Dfd.	112	— 4
Philips Lamps	835xd	— 40
Pilkington	247	— 11
Property Holdings	202	— 6
Royal Insurance	256	— 6
Tate and Lyle	250	— 8
United Real Property	177	— 8
United Scientific	128	— 4
BP	736	— 10
Shell Transport	422	— 8
East Driefontein	580	— 28
Messina	140	— 10
Randfontein Estates	£21¼	— 1½
Union Crp	218	— 10

LOMBARD

The story behind to-day's package

BY SAMUEL BRITTAN

UP TO THIS minute no satisfactory answer has been given to the question why Mr. Healey should be presenting to-day a mini-Budget to cut public and private spending. Outsiders, who are not intellectually committed to the Treasury's demand management philosophy may have their reasons. But this does not answer the question. Indeed, it is no secret that the mainstream Treasury economists working on the package do not, for the most part, believe that there is an intellectual case for it; and on their own analysis, demand requires a stimulus rather than a check.

July cuts

Indeed, people tend to forget just how large a collapse both of strategy and morale there has been. In the April Budget, Mr. Healey announced that he was taking a risk with the public sector borrowing requirement for the sake of "counter-inflation," by which he meant a pay agreement with the TUC. Scarcely was the ink dry on the TUC pledge to a £4 norm than the Chancellor announced his July cuts. These took back for 1977-78 in public spending cuts and in the employers' National Insurance £2bn., or twice as much as the conditional tax reliefs. If union leaders had been more alert, they might have felt cheated.

The July cuts, for all the pretence to the contrary, had little to do with any domestic reappraisal. The creditor countries who supported the $5.3bn. central bank safety net the previous month, and in particular the U.S., were adamant that the U.K. put its own house in order. The "swap" was deliberately limited to six months, so that if sterling did not come right, the U.K. would be forced to apply to the IMF and accept its conditions. Those who laid down the line were no middle level Fund officials, but William Simon and Arthur Burns—the latter of whom will (fortunately) stay on to advise President Carter.

But despite these clear warning signals, the Treasury and Bank muffed the monetary side of the July measures. The Treasury vetoed the idea of a firm commitment to the 12 per cent. target and thus threw away the potential favourable effects on confidence. The Bank, which had favoured the commitment, opposed most practical means of carrying it out, because they clashed with its traditional shibboleths about gilt-edged management.

The interconnected runaway increase in the money supply and steep fall in sterling in the middle of the year are well known, as is the ensuing panic increase in MLR. Then came the upward revision of the 1977-78 PSBR from £9bn. to £11bn. (since shaded back to £10½bn.). But the package was still by no means a foregone conclusion. The upsurge in both the British and world economies was disappointing; and the forecasts for 1977 had been revised downwards indicating a further rise in unemployment even without a package. In terms of conventional economic management, this was a "dilemma" of the most extreme kind.

Social fabric

The first attempt to deal with the dilemma was one on the lines of: "I will fall down dead if you don't help me." This was the phase when the Americans and Germans were told that further so-called "deflation" would bring down the British social fabric and Nato with it. The sterling balance argument was mainly a respectable excuse to ask for a massive $10bn. to $15bn. international standby—cash on the table against all contingencies. Neither the Americans nor the Germans were prepared to buy the argument.

What clinched matters was that soundings among the Carter entourage produced a strikingly similar result. Professor Lawrence Klein, who has so far been the chief Carter economic adviser, said in a Euromoney interview that the U.K. would have to swallow the "bitter pill" of more unemployment and spending cuts and that the IMF lending programme should be "in stages with progress reports, goals met and assessors satisfied before the next stage of funds is released." So far from IMF and U.S. officials being told to mind their own business, their advice on the content as well as the size of the package was—quite unusually—asked. But asking for advice is not the same as taking it; and those who are concerned with the quality rather than the quantity of the package are still wearing anxious faces.

RACING — BY DARE WIGAN

King Flame is best

VISITORS to Worcester to-day will obtain full value for money to the extent that the programme consists of nine races. The first event, Div. I (Part 1) of the Rushock Novices Hurdle is due at 11.30.

Neither will those who pay entrance fees for to-day's other meeting, at Southwell, be able to complain on the score of quantity, for the programme there comprises eight events.

From to-day's welter of contests, I turn to the Long Haul Handicap Chase at Worcester for the best bet. The horse concerned is King Flame, whom Richard Head trains for his father.

King Flame has run once this season, for the Lord Stalbridge Memorial Gold Cup at Wincanton on December 2, when he finished a creditable second to Killagurteen, and would have been closer to the winner but for a blunder at halfway.

Prince Rock is the obvious danger, but is likely to find the ground softer than he likes it.

The Year's End Opportunity Handicap Chase probably lies between the top weight, Lord Browndodd and Harvest. Assuming that Harvest reproduces form shown when third to Master H and Brown Admiral at Newbury the other day, I doubt whether Lord Browndodd can concede the weight successfully.

WORCESTER
11.30—Compton Cassey*
1.00—St. Cadwaladr
1.30—Harvest**
2.30—King Flame***
3.00—Volburrow
3.30—Noble Game

SOUTHWELL
11.45—Cheltenham
12.15—Roundtown
12.45—Imperialist
1.45—Napoleon Brandy
2.15—Jave River
2.45—Atmani

Volburrow, who has been given plenty of time to recover from a punishing race when runner-up to Corrib Road at Worcester on November 10, can go one better in the Young Novices Chase.

Compton Cassey may not have to improve on a promising initial effort behind Marribinni and Major Role at Sandown 12 days ago to land Div. 1 (Part 1) of the Rushock Novices Hurdle.

At Southwell Atmani, unfortunate to come up against a revived Garliestown at Warwick last month, will go well in the Christmas Cake Handicap Hurdle and observation that also applies to Jave River in the Christmas Tree Handicap Chase.

David Morley, whose Bury St. Edmunds stable had just struck form when the frost came, can take the Christmas Stocking Handicap Chase with Napoleon Brandy, and Div. 2 (Part 1) of the Christmas Party Novices Hurdle with Roundtown, who shaped well when second to Bronson at Newbury.

SALEROOM — BY ANTONY THORNCROFT

£30,000 for Austen novels

LONDON SALEROOMS saw plenty of action, human interest, and high prices yesterday.

Much of the interest was concentrated on Sotheby's auction of letters and manuscripts, where an anonymous buyer paid £30,000, plus 10 per cent. buyer's premium, for the autograph manuscript of two early Jane Austen novels, Evelyn, and Catherine, or the Bower, the latter being Jane Austen's first serious attempt at a novel.

The price was at the top of the estimate, and way above the previous highest for the writer, £2,400 paid for a letter last year. The novels were written by Jane Austen in her 'teens, and only published in 1951. They had been in the possession of the late Mr. Lionel Austen-Leigh.

The next most important lot, some autograph poems by William Morris, failed to sell, but Vischer paid £3,800 for a letter signed by Edward IV about the wine trade.

Oscar Wilde's manuscript for his story A Model Millionaire, sold for £3,600; Mrs. Myers paid £3,000 for letters, papers and journals of Edward Montagu, the first Briton to be inoculated and a notorious 18th century eccentric.

The Tower of London bought the original account book of a 16th-century lieutenant of ordnance at the Tower for £2,400.

Other interesting prices were the £1,800 for a letter from Suleiman the Magnificent; £1,700 for three letters from Robert Louis Stevenson; and £1,300 for what is believed to be the earliest known English cheque, drawn in 1659.

An early photograph of Oscar Wilde sold for £400; Stevenson's spectacles for £200, and the gnawed collar of Lordo Byron's dog, Boatswain, for £600. The sale totalled £108,522.

The highest prices of the day were at Sotheby's auction of Chinese works of art, which brought in £492,280. Eskenazi, paid £47,000 for a water pot of the Wu Dynasty, in the form of a recumbent ram with its mouth open.

Bluett bought a Ming three-colour lacquer dish for £31,000—an auction record for Chinese lacquer—and a rare silver raft cup of the Yuan Dynasty, for £26,000.

Finally at Sotheby's, a sale of arms and armour totalled £86,897, with a pair of Purdey sporting guns making £11,000, a pair of Austrian rifles of 1690, £9,500; and a 15th-century German helmet, £6,000.

Robson Lowe sold a letter dated 1661, with the postmark "Send answer by the post at the Round House in Love Lane neare Billingsgate," which makes it the earliest British postmark.

It went for £9,000 (against a £1,500 forecast), three times the auction record for a pre-adhesive cover. The vendor, had bought the letter at Christie's in 1938 for £26.

Christie's most important sale yesterday was select, and successful. It sold eight lots of firearms for £149,000, with prices either spot on or nicely above forecast.

The chief item was a group of flintlock firearms, and a dress sword, presented to Napoleon by the Directory in 1797 as a reward for driving the Austrians out of Italy.

He subsequently gave it to his friend the Duke of Abrantes, and it ended up as the property of Mr. and Mrs. Luke Dillon-Mahon, of Galway, who sold it yesterday for £45,000—£5,000 above the top estimate. It was bought by the Manchester arms dealer and manufacturer Sam Cummings.

Cummings also paid £26,000 for a pair of duelling pistols, made in 1800 by Samuel Brunn and by tradition intended for the Prince Regent, and £10,000 for a pair of Spanish pistols, made in 1791.

Fidern, a London dealer, paid £24,000 for a pair of Brescian flintlock holster pistols of about 1660, and a private collector acquired a French fowling-piece of around 1800 for £22,000.

The two other auctions at Christie's were minor affairs. A sale of miniatures and objects of vertu totalled £26,823, with a top price of £1,550 from Graus for an early 19th-century Swiss silver gilt and enamel singing bird box by Freres Rochat.

English drawings and water colours produced £25,868, with a water colour of Minster Street, Salisbury, by Louis Rayner, selling for £1,100.

GARDENS TO-DAY

Wind's howl reminded me of Escallonia Iveyi

BY ROBIN LANE FOX

WHATEVER IT may do to your plants, I suspect that frost concentrates the mind. Having written hopefully of the coming cold winter, I was caught off guard the other night by its arrival.

Dusk had seemed quite mild, the straw, polythene and sacking had sunk to the back of the shed, unused for two whole seasons. I finished reading for the night, closing on the Roman Emperor and his concubine Marcia, who showed favour to prisoners, some of them Christians ageing down antique mines. Perhaps the past carried over into the present: falling asleep I dreamt that factories had died like elm-trees, tents had sprouted over the Midlands, an acre and a cow had attracted even the authors of the Guide to VAT, when the wind howled, and I remembered Escallonia Iveyi.

Keen gardeners will recall a Friday night frost in late May 1975 which shook the broad beans, scorched the emergent petioles and browned the tops of the potatoes. At the time, perhaps, they knew that they should spray their growth at once with cold water, before the sun was too high. By evaporating into the air, the water, I believe, draws heat up into the frosted leaves and revives them. Certainly this hint is valid. But in winter it is another matter. Spray a half-hardy shrub with water on the morning after, and I doubt if you will clear its head. Drops left on the leaves will freeze in the following night. So this time, there could be no postponement. It was out of bed or nothing.

Myrtles, too

I think very highly of Escallonia Iveyi and am surprised that gardeners with south walls do not risk it more frequently. Its leaves are round and glossy green. Its clusters of flowers in summer are white and deliciously scented. It grows quickly, and people notice it. I have been watching its progress beside the front door, and it seemed too mean to abandon it to one cold night. It will grow in a lime soil, and with me it asks for nothing special. It is not very similar to the other pink-flowered escallonias, in case you merely tolerate them. It seemed worth covering in straw, a disused carpet and a fertiliser bag, for good measure.

If the escallonia, why not the myrtles too? One of the last summer's few bright spots was the happy performance of this classical shrub of the Mediterranean. Myrtus Communis, I must admit and not the Chilean Myrtus Ugni or anything so desirable. But the common one is admirably aromatic, and every time you touch it, you leave with that pungent scent on your hands. I do not think it less hardy than many cistus, but one sees it seldom away from the West Country, where I was given my bushes. Its mass of whitish flowers smell spicily in summer. It must be grown against a south wall, and it is evergreen.

There is a shepherd in a Roman poem who keeps the cold off his myrtles, while other herdsmen hold a singing contest in a warmer corner. Feeling pastoral, I made at midnight for the myrtles, showered them with straw, which is the next best protection to bracken, and made my virtuous way to bed.

The wind changed: by dawn, it had rained; the wet straw blew off the myrtles and instead I had lost the top-growth and, probably, the roots of a group of gazanias whose bright daisy flowers had been so welcome in dry weather. If you know a grower of these slightly awkward South African bedding plants, trouble him for cuttings in autumn, for I have found this to be a better means than yearly seed-sowing by which to keep these exotic plants in health and maturity from year to year. I have now lost next year's stock, having overlooked them. But they are worth an effort, even if you only come on them at Christmas in a catalogue.

Surveying the consequen[ces of the] frosts which have fallen [so far] on my piece of ground, [I am] struck by the hardiness, [sometimes,] of things which might be [ex]pected to die back, even wi[th] some midnight attention [...] full ripening of their wood [dur]ing the summer must [have] helped. I also suspect we [are] too timid, and as I do not [put] a wigwam or two of straw in [the] garden in winter, I am sure the protective gardener [...] far more plants than he [...] imagines. At present, I am [eye]ing a cissus with envy, and [won]dering whether I can risk [it on] my only vacant wall.

Dismal Hebe

If you do not know cissu[s, it] has leaves like a vine, but [they] are fresher, bolder and [...] green. It has begun to a[ppear] often as a house plant grow[ing on] canes, a style which suits [it ex]cellently. It will stand the [...] room temperatures to w[hich] households are now accusto[med] and it does not mind growi[ng in] the kitchen, the cause of fa[r too] many poor house plants' d[eath].

Its home is Australia, its s[...] often tipped by the coiled [ten]drils which would help it c[lim]ber up some dismal Heb[e ...] nature. The leaves are poi[nted,] slightly toothed and are a [...] waxier than any vine I k[now]. Several virginia creepers [are] technically called Part[henocissus,] Cissus (the "virgin cissus," [liter]ally translated, as oppose[d to] the kitchen cissus. I imagin[e] it comes from an easy famil[y].

Buy it on sight as a di[fferent] Christmas pot plant, or ord[er it] from Treseders of Truro, ([...]) wall. It is said to be tender, hardly a plant for outdoor [...]. Maybe I had better kee[p it] trimmed in a cold greenh[ouse,] though it would like to [grow] 10 feet high. But it would [cer]tainly be worth a mid[night] blanketing with straw, if [that] alone could see it through [the] winter.

APPOINTMENTS

Sir George Kenyon on board of National and Commercial

Sir George Kenyon is to join the Board of NATIONAL AND COMMERCIAL BANKING GROUP on January 13. Sir George has been a director of Williams and Glyn's Bank, one of the group's principal operating subsidiaries since January, 1972.

★

Mr. Michael J. Dymond has been appointed to the newly created post of career officer for accountants, on the staff of Mr. K. J. Sharp, head of the GOVERNMENT ACCOUNTANCY SERVICE. Mr. Dymond, formerly in the Ministry of Defence, has been promoted to the grade of director of accountants.

★

Mr. Joseph B. Galazka and Mr. David E. Rosenthal have been appointed joint managing directors at the London office of MERRILL LYNCH PIERCE FENNER AND SMITH (Brokers and Dealers).

★

Mr. Eric Sayers and Mr. Colin Craigie have been appointed to the Board of INTERNATIONAL TIMBER CORPORATION from January 1. Mr. Sayers, who joins as a non-executive director, is chairman of Duport. Mr. Craigie joined International Timber as finance controller in 1974.

★

Mr. N. C. F. Barber, managing director of Cory Distribution, is to be seconded for about three years to the NATIONAL ENTERPRISE BOARD as divisional director from February 1, 1977. From the same date Mr. H. J. Smeeton, at present Cory Distribution's marketing director, takes over as managing director. Cory distribution is the Ocean Group's high street distribution subsidiary with a turnover in excess of £7.5m. a year. Mr. Barber, who joined Ocean in 1964, has been Cory Distribution's managing director since March, 1973.

★

Mr. G. L. Dennis, Mr. P. J. Ricketts and Mr. E. J. Chumrow have been appointed to the Board to WIGGINS TEAPE. Mr. Dennis and Mr. Ricketts are also directors of the holding company, BAT Industries. Mr. Chumrow is marketing director of Wiggins Teape, U.K. operations.

★

Mr. R. E. Colin-Jones will join the partnership of BURGE AND CO., stockbrokers, on December 23.

★

Mr. R. T. Gayer, an associated member of TILLING AND CO., stockbrokers, is to join the partnership on December 20. Mr. W. J. Kennett has resigned his partnership with Tilling and became an associated member of ANDERSON AND CO., stockbrokers.

★

Twelve British Institute of Management nominees for the new JOINT PROFESSIONAL MANAGEMENT ADVISORY COMMITTEE formed with the National Economic Development Office have been named. They are: Mr. Bernard Cotton, Mr. W. D. H. Gregson, Mr. J. M. Harper, Mr. David Hepworth, Mr. G. T. Holdsworth, Mr. R. T. V. Hunt, Mr. R. F. Norman, Mr. J. F. P. Parsons, Mr. J. Patrick, Mr. E. Sayers, Mr. J. W. Shaw and Mr. P. F. Swain.

The committee will be chaired by Sir Ronald McIntosh, NEDO director-general, and NEDO representatives will include Mr. Bernard Asher, Mr. John Cousins and Mr. Ralph Windle. The committee will have its first meeting at NEDO to-day.

★

Mr. Dennis Pearce, managing director of Repcon (U.K.), has been elected chairman of CONTAINER AID INTERNATIONAL, the association of container repair companies.

★

THE MERCANTILE AND GENERAL REINSURANCE COMPANY has made the following promotions from January 1. Mr. J. Hamilton-Jones to be deputy general manager, and Mr. J. G. Cuthill, Mr. H. J. Jarvis and Mr. J. Lock assistant general managers.

★

Mr. John M. Preston has been appointed a director of marketing and sales of READS. He replaces Mr. Kenneth M. Bethune, who is returning to an assignment [with] the parent concern, American [...]

★

Mr. C. Richard Lynham has [been] appointed to the Board of the [Con]tinuous Casting Products Di[vision] of FOSECO STEELMILLS IN[TER]NATIONAL.

★

Mr. D. W. Deeks, chief ac[coun]tant and company secreta[ry of] JEYES U.K., has been appo[inted] financial controller.

★

Mr. Peter Darby is to ta[ke up] his appointment as the new [Chief] Officer of the LONDON [FIRE] BRIGADE from January 5.

★

Mr. W. A. Gordon Muir, [chair]man of the Scottish Special [Hous]ing Association, has been ap[poin]ted to the Board of the NATI[ONAL] BUILDING AGENCY.

★

PRUDENTIAL ASSURANC[E has] made the following manag[ement] changes in general branch ([over]seas). Mr. J. E. G. English, [assis]tant general manager, will [retire] on December 31. Mr. N. H. B[...] to be assistant general ma[nager] and Mr. W. L. Walker senio[r ...] and accident manager (over[seas]).

★

Mr. Jack Souter has been [ap]pointed managing director [of] E. N. Bray, a member of the [...] Group from January 1. O[n the] same date two divisions w[ill be] formed within the compa[ny, a] devices division and an [...]ments division. Directors of [the] divisions are to be Mr. [...] Greenfield and Mr. John [...] respectively.

★

Mr. E. G. Bruno (C[redito] Italiano) has been appoint[ed re]presentative, and Mr. G. Z. St[...] (Dresdner Bank AG) deput[y rep]resentative of the FOR[EIGN] BANKS AND AFFILIATES [ASSO]CIATION (including EEC B[...]) from January 1.

★

Mr. Geoffrey Craven has [been] appointed managing direct[or of] SAP. He was previously [...] Simon Solitec.

TV/Radio

BBC 1

† Indicates programme in black and white.

12.45 p.m. News. 1.00 Pebble Mill. 1.45 Fingerbobs. 3.53 Regional News (except London). 3.30 The Chancellor's Statement. 4.40 Goober and the Ghost Chasers. 5.00 John Craven's Newsround. 5.10 The Canal Children. 5.35 Ivor the Engine.

5.40 News.
5.55 Reporting England.
6.20 Nationwide.
6.45 "Carry On Loving," starring Sidney James and Kenneth Williams.
8.10 Softly, Softly: Task Force.
9.00 News.
9.25 Sports Review of 1976.
10.45 To-night.
11.25 The Sky at Night.
11.45 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—5.10-5.35 p.m. Tybed. 5.55-6.20 Wales To-day. 6.45 Heddiw. 7.10 Fo a Fe. 7.40-8.10 Election in the Sun: Election Day in Jamaica. 11.45 News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 11.45 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 11.45 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Nationwide (London); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Look East (Norwich); Points West (Bristol); South To-day (Southampton); Spotlight South-West (Plymouth).

BBC 2

10.35 a.m. Nai Zindagi Naya Jeevan.
11.00 Play School.
3.55 Play School.
4.20 The Wombles.
4.25 Jackanory.
7.00 News on 2 Headlines.
7.05 Simple Science.
7.30 Newsday.
8.15 Poland Dances: The Mazowsze Company.
9.00 The Glittering Prizes.
10.20 Arena: Cinema.
11.05 "The Lady Of The Camellias," part 2.
11.55 Late News on 2.

LONDON

9.30 a.m. Felix the Cat. 9.40 The Secret Pony. †10.05 "Miracle In The Rain," starring Jane Wyman and Van Johnson. 11.50 Cartoon Time. 12.00 Here Comes Mumfie. 12.10 p.m. Rainbow. 12.30 Mr. and Mrs. 1.00 News plus weather and FT index. 1.20 To-day's Post. 1.30 Crown Court. 2.00 Good Afternoon. †2.25 The Saint. 3.20 The Mini Budget. 4.45 Pop Quest. 5.15 London Scene. 5.30 Sportscene.

5.45 News.
6.00 To-day.
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Wednesday at Eight.
9.00 The Streets of San Francisco.
10.00 News.
10.30 Wednesday Special: "Fear On Trial."
12.15 a.m. Night Gallery.
12.55 Close: Leonard Pearcey reads Prayers from the Ark by Carmen Bernos De Gasztold, translated by Rumer Godden.

All ITV Regions as London except at the following times:—

ANGLIA

10.30 a.m. Birth of the Bomb. 11.00 Sports 5. 11.05 Kiddywinkles. 11.30 The Battle of Imjin River. 11.55 The Woozies. 1.25 p.m. Anglia News. 2.00 Houseparty. 2.25 Marcus Welby M.D. 5.15 Mr. Jo Rum. 6.00 About Anglia. 9.00 Love Story. 12.20 a.m. The Big Question.

ATV MIDLANDS

10.15 a.m. Something to Sing About. 10.40 Untamed World. 11.00 ATV Sports Replay: Royal Show Highlights. 11.55 Dodo and the Space Kid. 1.20 p.m. ATV Newsdesk. 2.25 Jennie—Lady Randolph Churchill. 5.15 The Flintstones. 6.00 ATV Today.

BORDER

9.55 a.m. Manfred. 10.05 Space 1999. 10.55 Sports 5. 11.00 Kiddywinkles. 11.25 Battle of the Imjin River. 11.55 The Woozies. †1.20 p.m. Border News. 2.00 Houseparty. 2.25 Cash and Company. 5.15 Hogan's Heroes. 6.00 Border News and Lookaround. 6.35 Crossroads. 9.00 Police Woman. †12.20 a.m. Border News Summary.

CHANNEL

1.15 p.m. Channel Lunchtime News and What's On. Where. 2.25 The Champions. 5.15 Jonathan Routh and Candid Camera. †6.00 Channel News. †6.10 Guernsey States Report. †6.15 Spiderman. 9.00 Dan August. †12.15 a.m. Epilogue followed by News and Weather in French.

GRAMPIAN

11.00 a.m. Sports 5. 11.05 Kiddywinkles. 11.30 Battle of the Imjin River. 11.55 The Woozies. 1.20 p.m. Grampian News Headlines. 2.25 Riptide. 5.15 The Flintstones. 5.35 Police Newsroom. 6.00 Grampian Today. 9.00 Police Story. 12.25 a.m. Evening Prayers.

GRANADA

9.30 a.m. Sesame Street. 10.30 To Serve the Mariner. 11.05 Animated Classics. 11.45 Baldmoney, Sneezewort, Dodder and Cloudberry. 1.20 p.m. Nature's Window. 2.25 The Judy Garland Show. 5.10 This Is Your Right with Lord Winstanley. 5.15 Crossroads. 6.00 Granada Reports. 6.30 University Challenge. 9.00 Police Woman.

HTV

10.20 a.m. Hammy Hamster's Adventures on the Riverbank. 10.30 Survival. 10.55 Sports 5. 11.00 Kiddywinkles. 11.30 Battle of the Imjin River. 11.55 The Woozies. 12.30 p.m. The Galloping Gourmet. 1.20 Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 2.25 Jason King. †5.15 Chuckleheads. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Serenade in the City. 9.00 Police Story.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.35-4.45 Un Tro. 6.00-6.15 Y Dydd. 10.30 Devolution Special. 10.37 Datganoli. 10.45 Terror: "The Beast in the Cellar."

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

11.00 a.m. Sports 5. 11.05 Kiddywinkles. 11.30 Battle of Imjin River. 11.55 The Woozies. †1.25 p.m. Road and Weather Report. 2.00 Houseparty. 2.25 Department S. 5.15 Calimero. 5.20 Crossroads. 6.00 Scotland Today. 6.30 World Worth Keeping. 9.00 Police Woman. 12.15 a.m. Late Call.

SOUTHERN

10.00 a.m. Baldmoney, Sneezewort, Dodder and Cloudberry. 10.10 Nature of Things. 11.00 Sports 5. 11.05 Kiddywinkles. 11.30 Battle of Imjin River. 11.55 The Woozies. 1.20 p.m. Southern News. 2.00 Houseparty. 2.25 Jason King. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day by Day. 9.00 Police Woman. 12.15 a.m. Southern News Extra.

TYNE TEES

10.30 a.m. Starting Point. 10.35 Survival. 11.00 Sports 5. 11.05 Kiddywinkles. 11.30 Battle of Imjin River. 11.55 The Woozies. 12.30 p.m. Phyllis. 1.20 North East News and Lookaround. 2.00 Women Only. 2.25 Showcase: a look at cabaret in London's clubs. 5.15 The Brady Bunch. 6.00 Northern Life. 9.00 Hawaii Five-O. 12.20 a.m. Epilogue.

ULSTER

11.00 a.m. Sport 5. 11.05 Kiddywinkles. 11.30 Battle of Imjin River. 11.55 The Woozies. 1.20 p.m. Ulster News Headlines followed by Lunchtime. 2.25 The Champions. 5.15 The Woody Woodpecker Show. 6.00 UTV Reports.

WESTWARD

10.00 a.m. Survival Special. 10.55 Sports 5. 11.00 Kiddywinkles. 11.25 Battle of the Imjin River. 11.55 The Woozies. 12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 The Champions. 5.15 Jonathan Routh and Candid Camera. 6.00 Westward Diary. 9.00 Dan August. 12.15 a.m. Westward Late News. 12.18 Faith for Life.

YORKSHIRE

10.30 a.m. The Stationary Ark. 10.55 Cartoon Time. 11.05 "Ruddigore" (animated film based on Gilbert and Sullivan's comic opera). 1.20 p.m. Calendar News. 2.25 Showcase. 5.15 Calendar. 6.00 Calendar (Emley Moor and Belmont editions). 9.00 Hawaii Five-O.

RADIO 1 — 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Paul Burnett including 12.30 p.m. Newsbeat. 2.02 Party Political Broadcast on behalf of the Conservative Party. 2.07 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. OK! 5.45 Newsbeat. 6.02 John Dunn (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m.: as Radio 2.

RADIO 2 — 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin, 8.45 Pause for Thought. 9.02-11.00 Harry Carpenter's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 Party Political Broadcast on behalf of the Conservative Party. 2.07 David Hamilton (S) as Radio 1, but including on 1500m only (also 202m Scotland). 3.02 Budget Special including 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 The News Huddlines. 7.30 'A-Pickin' and a-grinnin'. 8.02 Listen To The Band with Charlie Chester (S). 8.30 Sing Something Simple (S). 9.02 Command Performance (S). 10.02 Sports Desk. 10.07 Alyn Ainsworth and the BBC Radio Orchestra. 11.02 Don Durbridge with The Late Show (1500m only, also 202m Scotland, VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 — 464m, Stereo & VHF

6.55 a.m. Weather. 7.00 News. 7.05 Your Midweek Choice part 1 (S). 8.00 News. 8.05 Your Midweek Choice part 2 (S). 9.00 News. 9.05 This Week's Composers: Britten and Bridge (S). 10.00 Organ Recital (S). 10.40 Violin and Piano Recital (S). 11.20 BBC Scottish Symphony Orchestra part 1: Wagner, Hindemith (S). 12.00 In Short (talk). 12.10 p.m. Concert part 2: Berlioz, Ravel (S). 1.00 News. 1.05 Concert Hall (S). 2.00 Czech Philharmonic Orchestra (S). 3.00 Lindsay String Quartet part 1: Haydn, Ravel (S). 3.55 Interval Reading. 4.00 Concert, part 2: Brahms. 4.40 La Folia (S). 5.00 Choral Evensong. 5.45 Homeward Bound (S). 6.05 News. 6.10 Homeward Bound (continued). 6.30 Lifelines: Language and Communication. 7.30 Chopin piano recital (S). 8.00 Royal Philharmonic Society concert, part 1: Corelli, Tippett (S). 8.35 The Arts Worldwide. 8.55 Concert part 2: Tippett (S). 10.05 O Life, O Art, O American Poetry (survey). 10.35 Music In Our Time (S). 11.25-11.30 News.

RADIO 4 — 434m, 330m, 285m and VHF

‡ Medium Wave only

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today including Sports News, Today's Papers, and 7.25 (VHF) Regional News. 7.45 Thought for the Day. 8.00 News and more of Today including 8.25 (VHF) Regional News. 8.45 Yesterday in Parliament. 9.00 News. 9.05 The Living World. 9.35 Finger on the Pulse. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 The Frank Muir Version. 11.35 Thirty-Minute Theatre (S). 12.00 News. 12.02 p.m. You and Yours. 12.27 The Burkiss Way. ‡12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 In Leather Armchairs. 4.35 Story Time. 5.00 PM Reports. ‡5.50 Financial Report. VHF Regional News. 5.55 Weather: programme news. 6.00 News. 6.15 Just A Minute. 6.45 The Archers. 7.00 News. 7.05 The World In Focus. 7.30 It's Your Line. 8.30 Transatlantic Quiz. 9.00 The Reith Lectures 1976. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book At Bedtime. 11.00 The Financial World Tonight. 11.15 Today in Parliament. 11.30 News.

BBC Radio London — 206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Tony Fish with Rush Hour. 9.00 Personal Choice. 9.20 Richard Vaughan with London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 12.03 p.m. Call In, including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.03 Astley Jones with Home Run, including London News Desk. 6.00 Look, Stop, Listen. 7.30 Jenny Thompson and Diana Rice with In Town (as 11.03 a.m.). 8.30 In Concert. 10.03 Late Night London. 12.00—Close: As Radio 2.

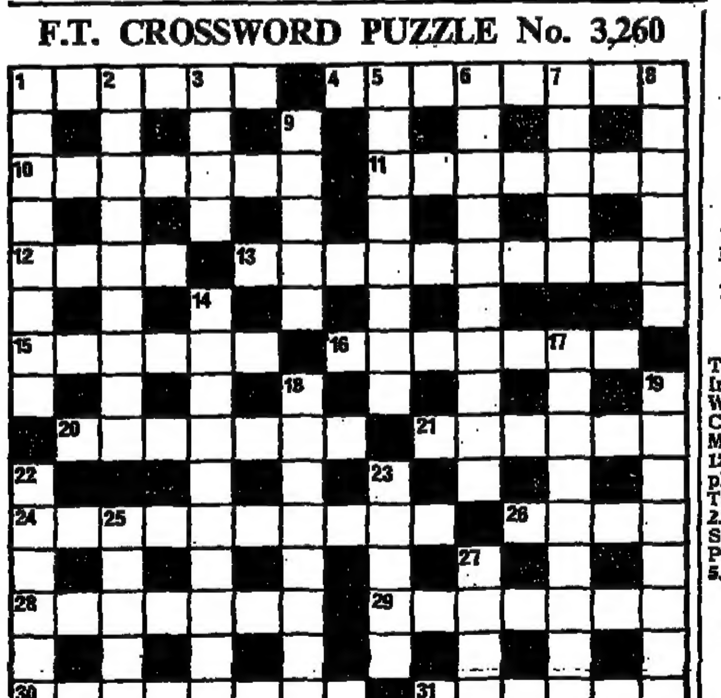
London Broadcasting — 261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "AM"—breakfast-time show. 10.00 Brian Hayes—talking to London. 1.00 p.m. Newswatch. 3.00 Newsbreak. 8.00 Jazz in Stereo. 9.00 Nightline. 1.00-5.00 a.m. Nightwatch—news every half-hour.

Capital Radio — 194m and 95.8 VHF

6.00 a.m. Graham Dene: The Breakfast Show. 9.00 Michael Aspel. 12.00 Dave Cash: Cash On Delivery. 3.00 p.m. Roger Scott. 7.00 London Today. 7.30 Adrian Love. 9.00 Your Mother Wouldn't Like It. Capital's heavy rock show. 12.00 Tony Myatt: The Late Show. 2.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,260



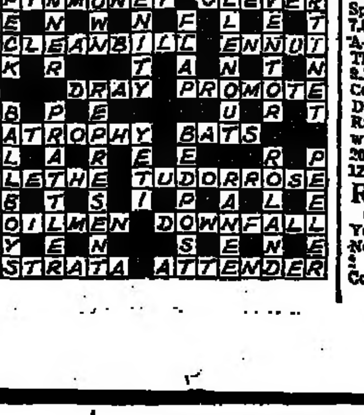
ACROSS

1 Disclose everything about meat (6)
4 Reveal record and be defeated (8)
10 Girl with famous chest and face a Pole sent back (7)
11 Warded off vicar, that is, in one's own home (7)
12 Covered face when coming back (4)
13 A chief minister makes part of church look right (10)
15 One way up, putting one among heavenly bodies (6)
16 Protection for party in legal proceeding (7)
20 Declined to accept rubbish and died (7)
21 Licence to wave it (6)
24 Trademark I dropped and flourished (10)
26 Brace in soft air (4)
28 Disagreeable viewer could hurt with a look (4, 3)
29 Birds I've to follow are thoughtful (7)
30 13's responsibility—should be worth a bit (8)
31 Collide with clergyman round top of nave (6)

DOWN

1 Note on Slavonic language should impart culture again (8)
2 Point out after five to justify (9)
3 A cat or a very small part thereof (4)
5 Threatened little devil and finished (8)
6 Stayed and supported (10)
7 Light love that is between both hands (5)
8 Brook at mouth of river? (6)
9 The French and the English may be turned on (5)
14 Without foundation—having nowhere to put it! (10)
17 Friend is a way on a boat (9)
18 Chaps curse their clothing (8)
19 Operator takes a bit of time for fish (8)
22 Sailor posted away (6)
23 Jumped meadow to exercise (5)
25 An attempt to go to the east and stay (5)
27 Incorporated one Indian (4)

SOLUTION TO PUZZLE NO. 3,259



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هكذا من الاجل

-levision

The do-gooders

by CHRIS DUNKLEY

-aving asked themselves -hy should the devil have all best tunes?" Granada Tele- -n seem to have set out to -y the principles and prac- - of the prize quiz show and hard sell TV commercial to - causes, and came up with -orts Action.

-e first series ended on Sun- There has been — surpris- -y if you consider the unusual -re of the programme, but un- -risingly if you remember its -smission time in the -lled "God-slot"—very little -tion from the critics.

-e few comments that have - made have tended to praise -ends and damn the means, that is hardly surprising -er. If, like me, you have -e to detest the breathless de- -y of the quiz show stereo- -d in Britain by Michael -s, and to dislike the equally -etic and even more belli- -nt manner of Ronco and -l commercials, then you are -ly likely to have taken a -ten liking to the style simply -use it was employed on the of the angels for once. On -contrary, you are likely to - been put off the new causes -hich is was used, no matter good they might have been.

-owever, I am well aware that -e people would call my -tion "élitist," or at best -ddle class" and would argue -Reports Action was not de- -ed primarily to appeal to me -way. Lady Plowden, chair- - of the Independent Broad- -ing Authority, has herself -ted out that "Traditionally -gooding' has been the rôle -he middle aged, middle class, -ally female . . ." Reports -on managed to reach quite -erent people, "young men -n a very different back- -ind" for instance.

-here seems no good reason -uggest that this is other than -ood thing. So far 50,000 -ple have responded to the -al to carry kidney donor -ls, 15,000 offers have been -ived of unwanted spectacles Indian leper colonies, 1,200 -iries have been made by -ple thinking of fostering or -oting children, 1,600 car -ers have volunteered to take the elderly and housebound, -0 have taken part in "one- -ne" visits at hospitals for mentally handicapped, there -e 761 volunteers to become marriage guidance counsellors, and the list could go on.

Some who have done voluntary work for years look askance and mutter about artificially whipped-up enthusiasm, and predict disappointment all round at the inevitably high drop-out rate. But that seems an absurdly jealous reaction: even 1,900 volunteers and 1,700 drop-outs would surely be 200 better than no volunteers at all. Granada work hand in glove with Community Service Volunteers and other established voluntary bodies, so there is no question of blithely lobbing new volunteers into the blue with a careless shout of "catch!"

It is absolutely right and just and admirable that such a widespread and dynamic means of communication as television, which tries so hard to make people spend their money in particular ways and tends to keep them sprawled by the fireside, should also be used to persuade viewers to get out and spend their energy in particular ways for the benefit of others.

Yet, all that said, I still have reservations about the style. Joan Bakewell is certainly being misused: fairground barking does not come naturally to her, even in the best of causes, and it shows. There is plenty of work for her on the programme without requiring her to stand up front and sell. If anyone has to do it, then co-presenter Bob Greaves seems more in his element, but I am not persuaded that it is necessary at all.

I cannot believe that any great effect results from bullying the amorphous "north west" on screen for failing to produce as many phone-in volunteers as the south west, or whatever the carefully invidious comparison may be. Similarly I doubt whether any individual, pondering at home on whether to ring, is actually persuaded by the impersonal appeal in urgent tones to "Keep those calls rolling in."

My quibble is only with the details of the choice of style though: Reports Action has supplied ample proof of what Blue Peter's mammoth charity stamp and toy collections have been suggesting for years—that television grieviously under-uses its tremendous ability to mobilise the good will of the public.

Reports Action is at the opposite end of the "public access" spectrum from BBC2's *Open Door*. Where *Reports Action* gets professionals to use the slickest of slick techniques to put across the message of the applicants, *Open Door* encourages the applicants to make their own programme in whatever manner they wish (provided it's pretty cheap!).

Once in a while this works with astonishing effectiveness for a whole programme. More often it succeeds in flashes and bursts. Last week's programme was made by the Sicent Fiction Foundation, and pleaded for greater use of science fiction in education—and no doubt any cynic reading that without seeing the programme is now raising his eyes to heaven and sighing heavily.

As one who believes that the only unfortunate thing about science fiction is its generic title (if *Alice In Wonderland*, *Gulliver's Travels*, and most of The Bible were written new to-day they would be categorised promptly as "SF" and as such dismissed from serious consideration) I happen to be entirely in sympathy with the Science Fiction Foundation.

Yet though I was predisposed to welcome their efforts, and though this was one of the less amateurish looking of access programmes, I was nevertheless conscious throughout that the techniques available, particularly in editing, could have been used by professionals to much greater effect.

What is needed ideally is a public access system in which the applicant group is matched up with a production crew completely in sympathy with their views. Pie in the sky perhaps, but public access is here to stay and is going to grow, and eventually "having your own say in your own way" is not going to be considered good enough. People will want to have their own say in a professional way.

*

Like winter treats from a squirrel's hoard, the programmes made in this year's marvellous summer are being brought out and fed to us. Whether BBC2's *Brensham People* was actually shot in the heat wave I do not know, but it certainly looks as though it was, and the result is an English counry idyll with a vengeance. Hugh Whitmore has adapted the programmes from John Moore's "Brensham Trilogy" which has been re-published to coincide with the programmes (Collins, £3.95 each).

The experience of reading the books is closely akin to that of lying in a hammock between a couple of apple trees eating a box of Milk Tray: somewhat démodé, but very relaxing, very undemanding, very English, and very morish. With only one 50-minute programme for each of the books, the television cannot (and why should it?) hope to reproduce Moore's fine detail of period habits and of country characters. Yet the first two programmes have managed to elicit in electronic form an experience which is uncannily analogous to the hammock-like feeling imparted by the printed version.

*

Having complained last month about the small quantity of high quality comedy this season, I must recant (partially anyway) and mention the consistently high standards of *Last of the Summer Wine*, produced for BBC1 by Sydney Loterby, and *The Squirrels*, produced and directed for ATV by Shaun O'Riordan.

There are some definite contrasts between the two: all the Wine scripts are written by one man, Roy Clarke, while *Squirrels* employs several—Brian Finch, Kenneth Cope and Eric Chappell so far in the present series. *Squirrels* is all made on tape in studio whereas *Wine* uses a lot of splendid film shot by Yousuf Aziz in the Yorkshire countryside (by the look of it). *Wine* is quirky and prompts smiles of recognition, where *Squirrels* is often loud and causes belly laughs.

But they are similar in their basic strengths: though they both exploit funny situations and contain the occasional set-piece feed line and gag, both series rely for most of their comedy on minutely etched character portraits. Moreover, each has near its centre of interest that same human failing that has been the subject of so much successful film and theatre comedy: the pretensions of the little man.

Neither series is new, but each is very funny.

Brian Wilde, Bill Owen and Peter Sallis in 'The Last of the Summer Wine' (BBC1)

Leonard Burt

Alan Howard, Lisa Harrow and John Bott in th Royal Shakespeare Company's new production of John O'Keeffe's 'Wild Oats,' which opened at the Aldwych last night

Covent Garden

Schools matinée

by RONALD CRICHTON

The performance of *La Bohème* on Monday afternoon was one of two schools matinées (the other one reserved for the ballet *La Fille mal gardé*) which Covent Garden have arranged with the generous help of the Linbury Trust. The sponsors not only cover the difference between reduced and normal seat prices (which, as we know only too well, won't by any means meet the real cost) but provide for each child a "theatre pack" with notes on Covent Garden, a potted history of opera (none too well done), biographical notes, lists of books and recordings, a programme sheet, a piece on the work and its composer, finally a cut-out cardboard theatre with the *Bohème* sets and characters.

The best way of course is to be taken out of school, or somehow to get to the opera by oneself or with friends of one's own age, but that won't happen to every child. A school outing remains a school outing, but there are at least two worthwhile levels on which such an experience may work, apart from the obvious one that anything is better than lessons or games. The first level concerns the breaking down of prejudice against opera as an irrelevant, boring, snobbish entertainment. The second may affect only a few children, but they are the ones who are going to matter later—those who really get the bug, never forget the experience, and go on to become regular opera-goers prepared to sacrifice other pleasures and comforts, or better still come to write or perform themselves.

The afternoon went with every sign of success. There didn't seem to be an empty seat—a nasty gap in the stalls was promptly filled in the first pause. For much of the time one was aware of that mysterious starling rustle which hundreds of children contrive to produce, but it died away as attention quickened. The young ladies near me were concentrating like mad, one eye glued to the synopsis with musical illustrations—and that may indicate a lurking danger in starting children's live experience of opera with performance in a foreign language. One thing needs to be taught (and apparently isn't known by many elders who ought to know better), namely that the music between the point when the voices stop and the curtain falls is worth hearing—in fact, don't applaud too soon.

At least a performance in Italian meant that the audience heard a first-rate cast including the Japanese soprano Yasuko Hayashi singing her first Mimi at Covent Garden, Carreras as Rodolfo, Glossop as Marcello, Howell as Colline, Hammond-Stroud as Benoit. They also heard a young British singer of great promise—Stuart Harling, who made much of that fourth Bohemian, Schaunard, so often tiresome or merely negligible.

Wendy Fine's Musetta is excellent in the later acts—her placing back- and up-stage kills her song in the café. Another name that those who follow up this experience seem certain to hear more of is Mark Elder, the conductor. But although the orchestra sound was splendid, the touch was a little full and ponderous for *Bohème*. Perhaps what was wrong can be summed up by saying that one longs now to hear Mr. Elder conduct *Turandot*.

In the second interval the curtain was lifted so that the audience could watch the snowy outdoor scene being flied while the nooks and crannies, pots and pans of Julia Trevelyan Oman's attic studio were reassembled for the last act. (Marcello's nude model, when she was finally revealed, drew a gale of delighted whistles and applause.)

The commentator could usefully have said something about this kind of auditorium, surely new and unfamiliar to children brought up to theatre in the round or in concrete spaces where the producer wouldn't use a front curtain if he had one.

Multi-ethnic kids

Collins have announced a campaign to find children's books that reflect the experience of living in multi-ethnic Britain. In order to encourage books that portray the variety and complexity of our society, awards are being offered in two categories: (1) for a novel or work of non-fiction (approximately 25,000-50,000 words). £750 advance on royalties. (2) for short stories, to be published in a collection of at least five (approximately 3,500-7,500 words each). £150 for each story chosen.

The judges' choices will be announced next summer, and the works chosen will be published in Collins hardback and Lions paperback editions simultaneously.

The awards have been planned with the help of the National Committee on Racism in Childdren's Books, and the publishers will be working very closely with the committee throughout the campaign.

The judges will be: Dorothy Kuya, community relations officer and chairperson of the National Committee on Racism in children's books. Dilip Hiro, author of *Black British, White British* and *Inside India Today*. Buchi Emecheta, author of several works of fiction including *In the Ditch* and *The Bride Price*. Samuel Selvon, author of *The Lonely Londoners* and several other books for both adults and children. Linda Davis, Collins children's books editor (hardback). Rosemary Sandberg, editor of Collins Lions paperbacks.

Further details and entry forms from Collins Children's Books, 14, St. James's Place, London SW1A 1PS.

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Cat on a Hot Tin Roof

by B. A. YOUNG

You couldn't ask for two more -similar plays to open Lord -livier's Best Play series for -anada than Pinter's *The Col-lection* and Tennessee Williams' *-t on a Hot Tin Roof*. In *The -llection*, the lines must bear greater weight than is con- -ned simply in the words, -ple unmemorable lines com- -ing like the dots in a Seurat -ming to produce a pattern -y perceptible when the -terial has been fully deployed. -ow different is the dialogue Tennessee Williams' play! -ere, the characters devote -ir time to expounding single- -dedly what they want. Big -ddy (Laurence Olivier) wants - son Brick to inherit his -m. and 28,000 acres of planta- -n. Brick (Robert Wagner) -ts to drink himself into for- -ting his questionable friend- - with Skipper. Big Mama -ureen Stapleton) is con- -ned only that Big Daddy -'t know that he is dying of -cer until after his birthday -ty is finished, and their elder Gooper (Jack Hedley) wants -orm a trust to administer the -te if Big Daddy dies and -k is unfit to take it over -uming that Big Daddy has - it to him). Brick's wife Maggie (Natalie Wood), who claims characteristically that her unfulfilled marriage makes her feel like a cat on a hot tin roof, wants her husband to be happy; if that is not on, she just wants her husband.

They express their wishes in long, explicit speeches with the curious poetry of Williams' southern locution; under the direction of Robert Moore this involved them in a more than average succession of close-ups and two-shots. In a play about such self-absorbed people, this was clearly the right way of doing it, though I was sorry not to see more of Big Daddy's splendid house (designed by Peter Phillips). The characters are, as it happens, fairly static; Brick, walking with a crutch after breaking his ankle in a foolish game, and pretty well full to the ears with Scotch, seldom leaves his chair, and *when he does is liable to fall over*; and Big Daddy is a man to whom people go rather than a man who goes to people.

The playing of the principals was as good as one is likely to see often on television. Mr. Wagner set a mood at the *outset* and held it throughout, his forehead slightly creased to register *his* distaste with the world's mendacity; but it was the right mood, and when he was required to emerge from it he did so with the right degree of challenge. Natalie Wood's Maggie the Cat, her charms directed unerringly in every direction where they might do her some good, somehow contrived to show her belief, naive though it might be, that what she was doing really was for the best: a matchless performance.

Olivier gave Big Daddy a look of home-made aristocracy, wavy grey hair and grizzled moustache against a face in which blood-pressure was discernable below the sun-tan (unless my colour needed adjusting). His amalgam of selfishness and obstinate affection for his disappointing son made for some moments of effectively restrained passion. The courage with which Big Mama withstood his habitual rudeness, and the pathos of her eventual breakdown, were beautifully shown by Maureen Stapleton.

La Scala, Milan

Otello

by WILLIAM WEAVER

In one of his first letters to Verdi about *Otello*, Boito describes the atmosphere of the tragedy as that of a suffocating room, sick, airless. The Franco Zeffirelli production of the opera, which opened the season at La Scala last week, created this atmosphere admirably (after an unnecessarily busy and cluttered first act). The basic set, as in Zeffirelli's *Ballo in Maschera*, a few years ago, was a room, with panels that could open, revolve, change decoration. Desdemona's chamber was a box within this box, with a catafalque bed—already seen in Zeffirelli's Metropolitan *Otello*—and some dun curtains.

This enclosing of the drama was apposite to the interpretation of Placido Domingo and Mirella Freni. Not a naturally heroic, metallic tenor, not a Del Monaco or a McCracken in other words, Domingo made his Moor a more inward, pensive figure. In fact, he was at his least convincing in the first act. After that he seemed to gain stature, nobility, conviction. Never forcing his voice, Domingo commanded attention and admiration through the fluency of his singing and his stylish acting. the Desdemona of Mirella Freni was *similarly smaller-scale* than the usual interpretation. She displayed a welcome, unconventional youthfulness: her teasing of Otello in Act Two, as she pleads for Cassio's reinstatement, was almost kittenish, the play of a girl-wife, sure of her power. Her rejection thus became the more moving. Vocally, she was superb from the start, and in the last act she revealed a new wealth of nuance.

Piero Cappuccilli is a natural Iago, even though on opening night he was not in ideal voice. Zeffirelli encouraged—or at least allowed—him to overact on occasion; the histrionic laughter at the end of the Credo and, worse, *at the end of Act Three*, was ugly and should be abandoned at once. For the rest, here was a splendid, devilish villain in the deceptive guise of a bluff, easy-going soldier. The smaller roles were all well-cast; Giuliano Ciannella, with his Fenton-like sweet tenor, was a particularly good Cassio.

But the real hero of the evening was Carlos Kleiber. This conductor enjoyed a great success at La Scala last season with a delightfully warm and mellow *Rosenkavalier*. His *Otello*—here in the house where the opera was created, where it has been conducted by Toscanini, Serafin, De Sabata — was a total triumph. Every bar, every note had a special glow. There was immense power in the explosive opening, there was urgent compulsion in the accompaniment of, for example, the "Si pel ciel" duet; and there was a singing sweetness throughout, reaching heights of splendour in the great ensembles, and in the grand Third Act finale. The Scala orchestra has never played better; the strings had a new, silken tone; the winds—so important in the Love Duet and in the final act—were dead accurate and, as required, tender or sinister. Alberto Zedda's revision of the score, no doubt, contributed to the exceptional clarity of this reading; but it was Kleiber's total control and total understanding that made the evening unforgettable.

The splendid tension of the performance was, alas, accompanied by another, less attractive tension. For several days, groups of young extremists had been threatening to interrupt or prevent the Scala opening. As a result there was a cordon of over 2,000 policemen surrounding the theatre, from the Gallery, across the piazza, down Via Verdi. To pass, one had to display one's ticket. Then, during the intervals, there were murmurs of rumours in the foyer, tales (all too true, as it proved) of violence outside: Molotov cocktails, fired trams, wounded on both sides. The beautiful house seemed beseiged. It was sad and ironic that this mindless protest should have taken place on the very night when, for the first time in La Scala's history, the inaugural performance was being transmitted, live and in colour, by television throughout the country. This memorable *Otello* was being seen and heard not only by us privileged few in Milan, but by an estimated 50m. viewers. An occasion, one would have thought, for nation-wide rejoicing.

The Entertainment Guide is on Page 20

Sonia Ratcliff London exhibition

Sonia Ratcliff, the Lancashire artist who turned professional three years ago, is holding her first London exhibition at the Spenser S. A. Gallery, 16b Grafton Street, W.1, until December 22. She has successfully shown at the Manchester Academy for the last three years and held a one-woman show at Clarendon Gallery, Manchester in December last year. Her London exhibition includes paintings of contemporary life as observed in London, Saddleworth, Oldham, Lytham and the Welsh Coast.

'Plays and Players' 1976 awards

The annual *Plays and Players awards* voted for by 20 London theatre critics are as follows: Best new play: *The Fool* by Edward Bond. Best new musical: *A Chorus Line* by Michael Bennett. Best performance by an actor: Ian McKellen as Macbeth in *Macbeth* and as Leontes in *The Winter's Tale* for the RSC at Stratford. Best performance by an actress: Janet Suzman as Masha in *The Three Sisters*. Best performance by an actor in a supporting role: Philip Locke as Horatio in *Hamlet* at the National. Best performance by an actress in a supporting role: Angela Pleasance as Marlene in *The Bitter Tears of Petra Von Kant* at the new End. Most promising new actor: Paul Copley as Hamp in *For King and Country* at the Mermaid. Most promising new actress: Julie Covington as Janice in *Weapons of Happiness* and as Dottie in *Jumpers* at the National. Best production (director): Jonathan Miller for *The Three Sisters*. Best production (designer): Frantz Salieri for *La Grande Eugène*.

EEC moves nearer way out of fishing dilemmas

BY ROBIN REEVES — BRUSSELS, Dec. 14.

THE DIM outlines of fishing arrangements for British and other fishermen, after the EEC adopts 200-mile limits in the New Year, are at last beginning to emerge from Common Market negotiations. In the space of a few hours discussion, the Council of Foreign Ministers of the Nine last night reached an understanding on two key issues which have been threatening to smash the whole attempt to deal with the consequences of 200-mile limits on a community basis.

The first was how to deal with the problem of the Soviet and eastern bloc trawlers which will become part of the EEC "pool." The second was how to bridge the gap between British and Irish demands for an exclusive national band of up to 50 miles off-shore and the self-interested position of Continental EEC members in sticking to a definition of a common fisheries policy which enshrines the principle of equal access.

Until last Friday, Moscow had the excuse that the adoption of 200-mile limits had not been sanctioned by the UN Law of the Sea Conference. There were clearly differences of opinion among the Nine about how tough they should be in the Community's name, with the U.K. [illegible] one stage among the doves. [illegible] announcing its own 200-[illegible] limits, however, the USSR [illegible] put itself on the same footi[illegible] Foreign Ministers had no he[illegible] tion in agreeing the terms [illegible] continued access for fi[illegible] vessels from the Soviet U[illegible] and other countries which e[illegible] refuse to negotiate or hav[illegible] reciprocal fishing offer for [illegible] boats.

Bulgarian and Romanian [illegible] sels will be barred from [illegible] waters from January 1. [illegible] USSR, East Germany, Po[illegible] Sweden, Spain and Portug[illegible] to be given a quota equiv[illegible] to their average catches in [illegible] period 1965-74, minus 20 [illegible] cent. for conservation purpo[illegible] and minus a further 10 to 1[illegible] cent.

Fishing will be allowed at [illegible] rate for the first three mo[illegible] of this year, giving these cou[illegible] tries the opportunity to negoti[illegible] a fishing agreement with [illegible] Community.

Perhaps equally important [illegible] the long run is that the tou[illegible] concerted line adopted by [illegible] Nine towards fishing by non-E[illegible] fleets has provided more room [illegible] manoeuvre in making inter[illegible] policy. It has made more [illegible] available for reconciling the con[illegible] [illegible] fishing interests of the EEC's [illegible] fishing fleets. This was almost certainly one reason why the Council and the Commission [illegible]nced late sympathy towards British and Irish demands. Another was the realisation that the Irish Government would not be [illegible]llied into accepting even an interim internal fisheries regime, based almost wholly on quotas, let alone a definitive one. Therefore, the British Government could also not give way on this. Both Dr. Garrett Fitgerald, the Irish Foreign Minister, and Mr. Anthony Crosland made it clear that the Commission's interim quotas plan was totally unacceptable and, at this late hour, they therefore say no alternative to national fishing regimes.

On the other hand, neither Mr. Crosland nor Dr. Fitzgerald are talking about exclusive national bands of up to 50 miles, at least for an interim regime. The key phrase now is conservation zones. The Commission has been sent away to revise its proposals to take into account British and Irish objections. Fishing zones which are not national, but where fishing is limited to boats of a certain size with specified types of equipment—would in practice be exclusive to coastal fishermen in the immediate vicinity.

Bundesbank warns on pay rises

BY OUR OWN CORRESPONDENT — BONN, Dec. 14.

A STRONG warning against what it sees as excessive wage increases next year is sounded today by the Bundesbank. In its latest monthly report the West German Central Bank writes that if wage restraint is not observed the foundations of the economic recovery could be endangered.

In unusually plain language, the Bundesbank states that after the 7 per cent. wage increase agreed for the steel industry earlier this month, "the preliminaries for the 1977 wage round do not sound very optimistic." Wage claims by unions in several other industries have recently been close to 10 per cent., although it would be premature to assume that all settlements will necessarily be so high.

The timing of the Bundesbank's warning is especially significant: On Thursday, Chancellor Helmut Schmidt is due to deliver his coalition Government's programme for the next four year to the new Bundestag and will doubtless make his own plea for continued restraint on wages and prices as the main props of the vital, if still unspoken, West German version of the Social Contract.

On the same day, the Bundesbank council itself will announce its monetary growth targets for 1977. The tenor of the monthly report suggests it is now most unlikely to set a target rate of growth for its chosen monetary aggregate, the central bank money stock, any higher than the 6-8 per cent. it put forward at the beginning of this year.

As the Bundesbank reports today, the increase in economic activity during the past [illegible] months has continued to [illegible] strong enough to have pushed this measure of the money supply up by as much as 13 per cent. at an annual rate during the six months July-September.

Although the Bundesbank expresses satisfaction at the recent slackening of price increases in West Germany, it does show concern at the danger to the country's international competiveness created by higher costs for industry at a time where there are still doubts about the strength of foreign demand and the Deutschemark is strong.

The Central Bank declares itself to be confident that the economic recovery will be maintained, although at a less vigorous pace than during the earlier part of 1976. It reminds pessimists that a slowdown in growth is not the same as a return to recession, and points out that during the third quarter, real GNP once again rise in spite of the handicaps of heat and drought.

Portugal parties vie over poll

BY OUR OWN CORRESPONDENT — LISBON, Dec. 14.

PORTUGAL'S FOUR major political parties are all claiming success in Sunday's local government elections. Although the ruling Socialist Party led the poll with 33 per cent. of the popular vote, rivals to its left and right insist that the Government has no grounds for jubilation.

A breakdown of the results shows that hte Socialists have done particuluarly well in Lisbon, Oporto and the other main cities, whereas the countryside now belongs to their opponents. In the north, north-east and centre, the social democrat PSD/PPD, or the christian democrat CDS dominate the rural scene and some important market towns; in the area between Lisbon and the southernmost province of Algarve, the Communist Party has gained control of all but a handful of town halls. The PSD/PPD have only seven town halls, fewer than the Socialists, and more than a quarter of these are in the Atlantic archipelagos of Madeira and the Azores, where the PSD already runs the regional governments.

The low turnout (64 per cent. compared with 81 per cent. in the April general election) confirmed earlier impressions that the Portuguese people are becoming disenchanted with the mechanics of democracy at least where elections are concerned.

The Prime Minister, Sr. Mario Soares, must now turn his thoughts from campaigning to the tottering economy. "We must reduce consumption and increase revenue," he said on television last night.

The Socialist Government thought it had found a way to reduce consumption and enforce savings when it decreed in October that part of wage earners' Christmas bonuses would be paid in the form of Treasury bonds. Two months later, the row over the "paper bonus" still rages. Under a barrage of criticism, the Cabinet modified the decree, raising the wage level at which the savings bonds would be imposed from 5,000 to 7,000 escudos.

Thes opposition did not rest. Claiming that the Government had exceeded its brief by decreeing a major financial measure without cousulting Parliament, the PSD/PPD, CDS and Communists have forced the Cabinet to present the Christmas bonus Bill to the National Assembly for ratification.

The Government has now climbed down, after all other parties refused to grant urgent handling to the debate. The Socialists agreed that, with Christmas only 10 days away, the bonuses should be paid in cash.

Italy's political impasse

BY DOMINICK J. COYLE — ROME, Dec. 14.

THE CENTRAL Committee of the Italian Communist Party, which in despite of its one-in-three of the popular vote in the last general election is still without a direct voice in government, was continuing to meet here this evening in the hope of working out a power-sharing arangement with the minority Christian Democrat Adminstration.

Th problem for the Communists is that the Christian Democrats are refusing to share power. Sig. Guilio Andreotti, the Prime Minister, is anxious to retain the benign support in Parliament of the Communists since his Government's survival depends on it, but both he and his party's National Council have rejected either an "historic compromise" with the Communists or the establishment of an emergency government.

The Christian Democrats are prepared to carry on for as long as the parliamentary Opposition, and that essentially means the Communists, is content to sustain it, albeit through a policy of abstension. No other propositions are on offer.

The Christian Democratic party secretary, Sig. Benigno Zaccagnini, has wone the unanimous backing of the party's National Council for a policy of "confronto" with the Communists, but this means much less than the dictionary definition. What the Christian Democrats are saying is that compromise is possible with the Communists on policies but that ther formal entry into the Government is not. This, of course, leaves the ball in the Communist court.

However, the Communists appear to be in no mood to bring down the Government, with the probable consequences of an early general election from which the Communists might not gain. Therefore, there is little real option but to continue to support the Government. Hence the frustration.

Austria may cut spending

BY OUR OWN CORRESPONDENT — VIENNA, Dec. 14.

DR. BRUNO KREISKY, the Austrian Chancellor, to-day hinted that the downward revision of the Austrian growth rate for 1977 may necessitate spending cuts. In view of the OECD forecast of a 2 per cent. increase of the GNP, the Austrian Institute for Economic Research may reduce its growth projection by 1 per cent. to 3.5 per cent., he said. Dr. Kreisky said efforts to preserve full employment and to provide 60,000 new jobs next year will remain central to Government policy.

Meanwhile, the former Finance Minister and President of the National Bank until 1973, Dr. Wolfgang Schmitz, said the Government's fiscal policy has been a disaster. He refuted Government claims that a record deficit of more than Sch.45bn. (£1.6bn.) this year was the price paid for maintaining full employment, saying jobs were saved through direct State intervention—enforcement of a ban on dismissals in the nationalised sector through manipulation of the working time, and the massive sacking of foreign workers.

Presenting his new book "The Illusion of an anti-cyclical Budget Policy" Dr. Schmitz said that without manipulation and intervention by the State, the real unemployment rate would be at least double the present 1.6 to 2 per cent.

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Lorraine steel layoff plan dims job outlook

By David Curry

PARIS, Dec. 14.

UNEMPLOYMENT increa[sed] in France in November, tak[ing] the total to 1.04m., a 1.6 p[er] cent. rise over October. Se[a]sonally adjusted, however, [the] numbers of jobless was sligh[tly] down from 335,400 to 331,400.

Job vacancies contracted, [by] 13.5 per cent. during Noven[m]ber to 104,300. The concentr[a]tion of unemployment amo[ng] the young is becoming [a] serious preoccupation: mor[e] than 47 per cent. of those ou[t] of work are younger than [25] years old. More than 54 p[er] cent. of the jobless total com[prises] women while slight[ly] less than half a million peop[le] are officially recognised [as] having been out of work fo[r] more than three months.

The unemployment outlo[ok] is grave: the latest report fro[m] gives no hope of recovery [in] industrial activity befo[re] spring and the Lorraine ste[el] industry is planning substa[ntial] dismissals in the face of continuing lack of orders a[nd] severe competition.

Meanwhile, the two ma[in] power supply unions carri[ed] out the first of their two da[ys] of disruption to-day in prote[st] against the Governmen[t's] refusal to honour a 1969 agre[e]ment giving them an annu[al] 2 per cent. increase above th[e] rate of consumer price [in]creases in 1977. A second tw[o-]hour stoppage will take pla[ce] to-morrow.

Apart from a postal uni[on] strike in sorting offices, oth[er] groups in dispute with th[e] Government or private em[ployers] seem disposed to ke[ep] their options open until aft[er] Christmas. Coal miners w[ho] have met a similar refusal [to] implement the 2 per cen[t.] clause, have deferred a dec[i]sion on possible action un[til] the New Year when civil se[r]vants and railwaymen will al[so] be deciding their attitudes [to] the Government's attempt [to] impose its anti-inflation pl[an] on wage awards in the pub[lic] sector.

Romanian tean in China for high-level talks

By Paul Lendvai

VIENNA, Dec. 1[4].

AN IMPORTANT Roma[nian] Communist Party and Gov[ern]ment delegation headed [by] Deputy Premier Gheorghe O[...] left to-day for a visit to Pek[ing]. The fact that the group also [in]cludes Mr. Stefan And[rei] Foreign Relations Secretary [of] the party's Central Commit[tee] is regarded here as a sign [that] inter-party relations betw[een] China and Romania will also [be] discussed.

The Romanian Commu[nist] Party has maintained good r[ela]tions with China's leader[ship] during the Peking-Moscow [con]flict. Speculation about alleged new mediation effor[ts by] the Romanians are conne[cted] with last month's visit of So[viet] leader Leonid Brezhnev [to] Bucharest. Informed obser[vers] however, see the significanc[e of] the Romanian mission in the establishment of close pers[onal] relations between Roma[nian] and Chinese leaders.

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EUROPEAN NEWS

THE ANGLO-POLISH SUMMIT — BY DAVID LASCELLES

No easy answers to Poland's crisis of confidence

[T]HE STRIKING point about the [A]nglo-Polish summit which [be]gins to-day is that for all their [id]eological differences, Britain [an]d Poland are in very similar [pr]edicaments. Both countries [ha]ve got into bad economic [st]raits from which only unpopu[la]r measures and financial rescue [by] their allies will extract them; [bo]th have Governments hemmed [in] by conflicting pressures. And [bo]th countries are undergoing a [pe]riod of intensive self-examina[ti]ons.

In Poland, last summer's food [ri]ots and their tense aftermath, [ha]ve produced a desire for [ch]ange expressed in a variety of [wa]ys. Most people seem to want [a] more open and honest society [in] which such convulsions can be [av]oided through greater dialogue [be]tween party and people.

At the very top, Party Secre[ta]ry Edward Gierek recently [to]ld a party plenum that Poles [th]at Poles still did not think in [te]rms of the Polish state but [on]ly of their narrow interests. [Th]is was because of the long [ab]sence of such a state and its [tr]aditions. Only now, he said [we]re such traditions being [cr]eated, and it was essential to [im]prove information services to [bi]nd the nation behnd a common [ca]use.

As one of hs audience later [pu]t it: "What Poland needs is [m]ore Vitamin I. I for informa[ti]on."

Down the road, in Warsaw [C]athedral, Cardinal Wyszynski, [th]e Polish primate and a voci[fe]rous opponent of the Govern[m]ent, boomed from his pulpit [th]at what Poland needs is more [lo]ve and less materialism, more [re]spect for the individual and [le]ss police brutality.

Even within the Central Com[m]ittee, the real talking shop of [Po]land's policy-makers, voices [ca]n be heard urging an end to [ce]nsorship and demanding a [fr]esh look at Government insti[tu]tions which have not changed [fo]r 30 years. Meanwhile, out [in] the street, ordinary Poles swap endless rumours in a way that suggests they anticipate change any day.

Nobody cares to predict exactly what is going to happen. This situation is difficult, potentially explosive even, and this calls for caution, if only to avoid upsetting the East-West balance. Reform, therefore, must have its limits.

This is not simply because Poland is not a free agent when it comes to reform, though observers in Warsaw believe the Russians will go a long way to avoid overt inteference. Cardinal Wyszynski, for instance has ben known to condemn certain Government proposals akin to caiptalism, while the unofficial Workers' Defence Committee, which sprang up during the trials of strikers earlier this autumn, is seeking redress for legal abuses not by appealing to outside bodies, but to the Polish Parliament, the Sejm.

Open up

Within the party itself there is talk of establishing a special brand of Polish socialism which takes into account Poland's mixed economy, containing as it does a large private farming sector, its liberal traditions and its desire to open itself up to the world.

Calls for change are not confined to the political sphere. There is also widespread agreement on the need for reform in agriculture, though not necessarily the abolition of private farming. Clearly a large part of Poland's problems would be solved if the country could feed itself, which is possible. Mr. Gierek himself admitted at a recent briefing for Polish journalists that the present crisis could have been avoided if the decision to develop an agricultural machinery and chemicals industry had been taken in 1971 instead of 1974.

The aims of land reform, to be discussed at a special party meeting in January, are now to put land in the hands of people who can work it efficiently, irrespective of whether they be private, co-operative or state.

But if there is no shortage of ideas, the immediate future is uncertain. The leadership has deliberately put off any fresh decisions about the central issue facing the country, food prices, until a special commission reports back next autumn. And if that will bring the next storm, Poland at least wants to make the most of the calm before it.

According to a Warsaw journalist and prominent party member, the government is still deeply shaken by the events of June, and nothing will happen until it regains confidence in itself. When it does, it must then seek to recover the confidence of the people. Only then will political change be possible.

Meanwhile, the leadership must live with the consequences of the riots, particularly the stories of police brutality and private initiatives to preserve basic rights such as the Workers Defence Committee and the vocal opposition of intellectuals.

Government policy has been to deprecate such themes. But the very fact that it considers them important enough to criticise is taken as a sign of concern in high places. But the Government has also had to rebutt accusations of police maltreatment when, as was pointed out to me in Warsaw, in a more open society it would not have to identify itself with the actions of every police officer.

On one point, at least, everyone is agreed: the need for more information. It was clearly a breakdown in feedback from the people to the party and government which led to the serious error of judgment behind the June decision to raise food prices by 65 per cent at a stroke.

Influential Poles also believe that the government will have trouble regaining popular confidence so long as the people have to rely on outside media for news of Poland.

However, information is still seen as an essential instrument of power, and any relaxation of formal censorship looks remote. The government is also keen to maintain what it calls the propaganda of sucess to bring Polish achievements home to the workers at a time when things are grim. In this context, one Pole said he believed the British press' propaganda of failure was largely responsible for Britain's low morale.

On the other hand, the leadership appears to recognise the growing need for realistic news, and an informal relaxation of censorship is not being ruled out.

None of Poland's stresses has helped the economic situation, which is now under conflicting pressures from a population keen for better living standards and foreign creditors worried about the balance of payments.

Under the revised economic strategy approved this autumn, the Government hopes to please both parties at once by promising heavier investment in consumer goods, food and housing, while at the same time giving priority to production for export. But like all policies which aim to please everybody, there must be some doubts whether it will work.

Shaken

According to the Finance Minister, Mr. Henryk Kasiel, these goals will be achieved through a sharp increase in industrial productivity, signs of which he said are already on the way. Over 90 per cent of the growth in industrial output in 1976 will come through higher output per worker.

On the other hand, Poland's terms of trade have deteriorated, particularly in raw materials such as coal, sulphur and copper which form the backbone of sales to the hard currency area. Mr. Kisiel was optimistic about prospects for exports of manufactured goods, though he agreed that these depended on a Western economic recovery.

On the home front, the Government has admitted that it expects meat consumption to decline next year, possibly by as much as 2 kilos a head from the 71 kilo level per annum reached this year. This is partly because of bad weather, which has cut back the pig population by some 3m. head. But Poland is also not in a position to continue importing meat on its earlier, larger scale. This could well lead to renewed tension in the shops about which the leadership is reported to be anxious.

Like Britain, Poland is looking for a short-term answer in help from abroad—in this case the Soviet Union. The Russians have promised extra deliveries of raw materials, capital goods and consumer goods over the next five years to the tune of 1bn. roubles (about $1.3bn.) for which Poland will not have to pay until the 1980s. But Poles stress that this is still a promise rather than a definite commitment, and the unwillingness of Polish leaders to discuss the deal suggests it is still at a sensitive stage in negotiation.

In one sense, Poland is better off than Britain. Thanks to the active investment policies initiated by Mr. Gierek, two-thirds of Polish industry is now thoroughly modernised, and substantial exports to the West are guaranteed over the coming years by a series of "buy-back" deals.

But like Britain, nobody is predicting quick or easy solutions. And as the Prime Minister, Mr. Piotr Jaroszewicz, said in an interview last week, what Poland needs above all else is a period of calm to work out its problems by itself.

Schmidt expected to confirm willingness to assist Britain

BY ADRIAN DICKS — BONN, Dec. 14.

[C]HANCELLOR Helmut Schmidt [i]s expected to restate his coalition Government's concern to help Britain, Italy and, if necessary, other members of the European Community in economic difficulties when he formally presents his strategy for the next four years to parliament on Thursday.

According to a preview of [H]err Schmidt's statement pro[v]ided to local news agencies [t]o-day, the Chancellor will make [t]he strengthening of the Com[m]unity a top priority in foreign [a]ffairs during the next period [o]f office, as it has been during [t]he expiring one. Next will [a]pparently come the further [i]mprovement of relations with [E]astern Europe.

In this context, Herr Schmidt [is] expected to call for renewed [ef]forts to reduce troop strengths [in] central Europe, and also to [an]nounce formally the visit to Bonn early next year of Mr. Leonid Brezhnev.

Before Herr Schmidt can deliver his programme for the coming period of office to the Bundestag, he sill has be re-elected, after being formally proposed by the Federal President, Herr Walter Scheel. There remain doubts among some of the Chancellor's staff and political associates about his chances of winning this vote on the first ballot.

Judging by continuing reports of party disaffection at last week's ill-managed pension payments row, it still seems possible that the Chancellor will have to suffer this rebuff from his own side, though his ultimate confirmation in office is not in serious doubt.

Meanwhile as its first action to-day, the new Bundestag elected Prof. Karl Carstens of the Christian Democratic opposition as it president (Speaker).

Yugoslav-Iraq trade ties

BY ALEKSANDAR LEBL — BELGRADE, Dec. 14.

[Y]UGOSLAVIA AND Iraq will [in]tesify economic relations in the [w]ake of a visit here by Mr. Sad[da]m Hussein, Vice-President of [th]e Iraqi Council of Revolu[ti]onary Command. Trade will be [e]xpanded. Yugoslav concerns [w]ill participate in important [Ir]aqi projects and joint com[pa]nies will be established for [co]nstruction works in Iraq.

Iraq is the most important sup[pl]ier to Yugoslavia of crude oil [an]d the number one partner [am]ong the developing countrres. [In] 1975 of the total of 7.40m. tonnes of imported oil worth $645.8m. Iraq redilivered 4.46m. tonnes worth $388.2m. Yugoslavia did not import significant quantities of other Iraqi products, although the Iraqis would like to sell more dates, hides, sulphur and other goods, but Yugoslav exports to Iraq last year totalled $120m. In 1975 Yugoslavia negotiated a $200m. credit with Iraq under very favourable terms. This was used in 1975 and 1976 and a credit for 1977 is being negotiated for a smaller amount.

AMERICAN NEWS

Secret bids plan for U.S. oil stockpile

In the hope of securing oil supplies for its $10bn. stockpile programme at less than world prices, the U.S. Government is considering seeking secret competitive bids from foreign oil producers, writes Stewart Fleming in New York.

The U.S. Congress has directed the Federal Energy Administration (FEA) to store at least 150m. barrels of oil by the end of 1978, and another 350m. barrels by the end of 1982. Officials of the FEA now believe that the cheapest way to secure these supplies would be by competitive bidding among suppliers with bids kept secret so that producers who are prepared to cut prices could not be identified. This would not apply to U.S. domestic oil suppliers whose bids would be published.

Details of the stockpile programme are due to be released shortly, when the FEA sends to Congress a report on how it intends to buy and store the oil.

Moscow grain talks

American and Soviet officials are meeting in Moscow this week for three days of consultation on grain trade, the Agriculture Department said in Washington, UPI reports. Officials said that the semi-annual consultation—required under a five-year grain trade agreement signed in October, 1975—will end to-morrow. The first round of consultation was held in Washington last May.

Antigua tax move

The Antigua Government has announced that it will abolish personal income tax from next month, honouring a promise which was one of the main planks in its platform during the general elections last June, writes Tony Cozier in Bridgetown, Barbados. The Minister of Finance, Mr. Reuben Harris, said that the relevant legislation would be presented to the House of Assembly to-morrow. He hinted that the Government would seek revenue lost through the decision by imposing a consumption tax. The opposition Progressive Labour Party estimates that the Government will lose $EC7.5m. annually because of the abolition. The Government says it hopes that the move will stimulate more savings and more investment.

Bahamas opposition

The name of the official opposition in the Bahamas Parliament has been changed from the Free National Movement to the Bahamian Democratic Party, writes Nicki Kelly in Nassau. The move followed a split in the FNM when Parliamentary members withdrew their support from leader Cecil Wallace Whitfield. Senator Henry Bostwick leads the new party but Mr. Whitfield continues as leader of the FNM.

Wallace stock deal

Saudi Arabian businessman Ghaith Pharon has added a 28 per cent. family holding to become the largest stockholder—with 38 per cent.—in Sam P. Wallace Company, one of the world's largest contractors in the mechanical and industrial field, UPI reports from Dallas. Mr. Pharaon bought 850,000 shares of common stock owned by Robert R. Wallace and his family at an undisclosed price.

SE Asia policy

Retiring Senate Democratic leader Mr. Mike Mansfield said yesterday that the foremost task of U.S. policy in south-east Asia was adjusting to realities in Indochina, Reuter reports from Washington. "The current policy of opposition to trade and diplomatic relations with Vietnam and Cambodia and to Vietnam's application for membership to the United Nations . . . has something in it of the ostrich complex," he said in his report on a recent Southeast Asian tour. "Vietnam is a major force in Southeast Asia and it is in this nation's long-range interest to accommodate to the fact," he said.

UN labour disputes

Secretary-General Kurt Waldheim warned UN staff yesterday that strikes and job action were unacceptable forms of pressure that discredited the multinational Secretariat and could disrupt its peace-keeping function, Reuter reports from New York. He said that everyone had an overriding responsibility to the organisation, and the interests of the staff were best served in the long run by fulfilling that responsibility. Disputes at the UN's European headquarters in Geneva and at the Food and Agriculture Organisation in Rome interrupted UN services earlier this year. In New York a messengers' stoppage was resolved yesterday only by the Secretary-General's personal intervention.

Chile frees prisoners

The last two of the 16 political prisoners the Chilean Government has ordered released on condition that they leave the country, have received Dutch visas and will fly for Holland to-morrow, writes our Buenos Aires correspondent. Like the other 14—who already have left Chile — they are considered by the Pinochet regime "too dangerous to the security of the country" to remain in it at liberty.

Argentina union move

Argentina's military regime has opened its first offensive against the powerful Peronist labour movement, stripping more than 400,000 union members in Government jobs of a wide variety of contract privileges and opening the way for similar action against 2m. workers in private industry, UPI reports.

Ecuador plot claim

Ecuador's military Government said yesterday that it had uncovered a plot led by a former Government Minister and two unnamed Roman Catholic priests to overthrow the regime, Reuter reports from Quito. The announcement followed the detention of 28 people after a raid on a church retreat last month.

Jamaica heads for another five years of socialism

BY CANUTE JAMES

KINGSTON, Dec. 14.

THE GENERAL elections here to-day will offer the Jamaican electorate a straight choice between a capitalist or a socialist administration for the next five years. The 847,000 Jamaican voters are being asked to choose between the People's National Party (PNP), led by Mr. Michael Manley who has been Prime Minister for the past five years, and which has advocated a philosophy of democratic socialism; and the Jamaica Labour Party (JLP) led by Mr. Edward Seaga, which governed the island between 1962 and 1972 and which says it advocates nationalism.

It is commonly accepted here that Mr. Manley and the PNP will be returned for another term in office. A poll conducted recently for the Daily Gleaner newspaper gave the PNP 39 of the 60 seats in the new Parliament, with the other 21 going to the JLP. When the Parliament was dissolved, the PNP had a majorit yof 20.

However, the degree of the PNP's success could be affected by the turnout. Low polls have always favoured the JLP, while relatively high turnouts—such as the 72 per cent. of 1972—favour the PNP.

The PNP advocates a continuation of the mixed economy which it started in the last administration, but with the state controlling the "pillars of the economy." If re-elected, it will maintain restrictions on "non-essential" imports while trying to increase production of import substitutes.

The JLP has promised to concentrate on reviving agriculture, decreasing the role of the State sector in the economy, and allowing the free enterprise system a free reign.

The pre-election economic debate has been coloured by claims from Mr. Seaga and the JLP that the Manley administration has mismanaged the economy. When the JLP left office in 1972, Mr. Seaga says the Island's foreign reserves were $J150m. Now after five years of PNP rule, the country is $J80m. in debt.

The PNP rejects the charge of mismanagement, blaming the world recession in the last five years for the island's economic situation. Moreover its socialist programmes and policies over the past five years have required that all available money be spent on investments whose returns were not reflected in the country's reserves, it says.

It is in this area that Mr. Manley and the PNP are hoping to win the elections. The PNP says it introduced free education between primary and university level, bought unused land from large landowners and leased it to the island's small farmers, introduced a national minimum wage to protect those at the bottom of the economic ladder, and concentrated on mass housing for the poor.

All this, the PNP says, will be continued if it is re-elected.

The Manley administration's close ties with neighbouring Cuba have provoked opposition accusations that the PNP intends to make Jamaica a communist country along Cuban lines—a charge angrily rebutted by the PNP, but pressed by Mr. Seaga. He has said that if the JLP is elected, he will give less importance to relations with Cuba. The Manley administration has embarked on a programme of technical and economic co-operation with Cuba, which involves technicians from one country visiting the other.

Although both parties see the economy and the Cuban connection as the principal issues, public opinion polls here suggest the voting population is more concerned with the problem of violence and crime. Violence is common in Jamaican politics and has increased this year.

The elections are taking place under a state of public emergency declared by the Manley Government in mid-June since when more than 200 people have been detained and organised crime and violence have dropped sharply. But it has not eliminated the political frictions accompanying the elections, which have led to some candidates being shot. But the JLP and the PNP have accused each other of being responsible.

Both parties have been strangely silent about how they intend to handle the situation if elected, but political observers here say that whichever party forms the Government might have to change its priorities and look first at crime, rather than at economic reconstruction.

Personalities have always played an important role in Jamaican politics, though perhaps less this time if only because the election is being fought along ideological lines.

However, the country has to decide between leadership from Mr. Manley, the messianic, extroverted trade unionist or from the more stolid and reserved Mr. Seaga.

Mr. Manley has had a varied career including journalism with the BBC and local newspapers, through service with the Royal Canadian Air Force and 25 years of trade union work in Jamaica.

Mr. Seaga is a sociologist by training — something of a surprise to those who assume that his post of Finance Minister in the last Labour Party administration and his incisive attacks on the PNPs economic policies stem from a formal training in economics. Mr. Seaga has spent most of his post-university years involved in Jamaica's political life.

Unlike Mr. Manley, however, he did not come from the trade union movement. A trade union base usually has been regarded in Jamaican political circles as the prerequisite for successful party politcal leadership.

Violence continued to mar the election campaign right up to the end culminating in the shooting of Mr. Ferdie Neita, the PNP candidate in a suburban Kingston constituency, UPI reports from Kingston. He was taken to hospital in a serious condition after the shooting, at a political rally. Meanwhile, the campaign was officially closed to-day with a ban on all public meetings and gatherings.

Dole says Republicans must seek black vote

By Jurek Martin

WASHINGTON, Dec. 14.

SENATOR Robert Dole from Kansas, the defeated Republican Vice-Presidential candidate, is recommending that the party make appeals to black Americans a major priority of its policies in the next two years.

In an interview with the Washington Post to-day, he said bluntly: "We're not going to win many elections if the other side gets 95 per cent. of the black vote."

He suggested that the party should focus on one big city, perhaps Washington DC, and turn it into a form of laboratory to find out how Republicans and blacks could find common ground. He also said that the party should actively recruit black candidates to run in the 1978 Congressional elections.

His analysis is, of course, unexceptional, since it was the black vote, turned out in considerable numbers, which handed Mr. Jimmy Carter the White House.

But although moderate Republicans are repeatedly urging that the party become less elitist and open its doors to minority groups, there is precious little hard evidence that this will materialise at present. Indeed the budding struggle for control of the party seems increasingly likely to be fought out on ideological grounds that will have little relevance to the disadvantaged in the country.

Mr. Ronald Reagan from California, whose determination to shape the party's future is becoming more pronounced each day, is currently putting about the theory that he could have beaten Mr. Carter last month, for the very simple reason that he, unlike Mr. Ford, would not have been saddled with the albatross of the Watergate scandal.

In other words, Mr. Reagan is saying that he had all the right ideas to win an election in 1976 and could still do so in the future. These ideas are based on his fundamental conservatism and do not take much account of the moderates desire to broaden the base of the party. When asked, as he was on television the other day, whether he was concerned that blacks seemed to have shunned the Republican Party, he merely replied that his Californian delegation to the national convention in Kansas City included blacks who were loyal to him.

But he leaves the impression that most minorities are inherently liberal in outlook, which may not sit well inside a party which he contends must become more conservative. Thus Mr. Dole's appeals may well fall on deaf ears as the GOP turns itself inside out in pursuit of its salvation.

Levesque scorns Trudeau appeal

OTTAWA, Dec. 14.

QUEBEC PREMIER Rene Levesque has scorned a challenge from Prime Minister Pierre Trudeau to help to build a federal Canada in which diverse cultures could thrive and keep Quebec within the federation.

He told a news conference that Canada and Quebec were "like two trains on parallel tracks that will never meet." The only way to end a perpetual confrontation between his predominantly French-speaking province and the rest of the country was to establish a new relationship between Canada and an independent Quebec.

Mr. Trudeau, speaking to a meeting of Canada's 10 provincial Premiers yesterday, appealed to them to build "a more enriching federalism" which recognised cultural and regional identities across the country.

He said federalism meant that diverse cultures could thrive together. It made "our individual liberty, capacity for self-realisation and well-being more secure and better guaranteed than they would be if each community were to attempt to achieve this alone."

Mr. Levesque said the Prime Minister's statement contained "new elements of vocabulary but was otherwise the same old theme of Canadian confederation." He said detailed discussion of Quebec's future would have been premature at the premiers' meeting, but added: "We are going towards a definite confrontation."

Referring to his hope that Quebec will opt in a referendum for independence from Canada, he said that, within three or four years, "we'll be out of the system."

The meeting was the first between Mr. Trudeau and Mr. Levesque since the separatist Parti Quebecois won power in provincial elections a month ago. Mr. Levesque told Mr. Trudeau that although his election victory was not a mandate for independence, the trend towards further change appeared to be irreversible.

The aim of the premiers' meeting was to discuss ways of financing health and social services, but they failed to reach agreement in seven hours of talks.

They were continuing their discussions at a private dinner to-night and at another formal session to-morrow.

Mr. Levesque said failure to agree on financial matters proved federalism was a failure.

Conference sources said the Quebec premier's position on separation appeared to receive at least some support from the other provincial leaders, who were unified in their demand for more taxing power from the federal government. Existing tax and spending agreements expire in March.

Reuter

Soares bid to boost Brazil economic links

By David White

RIO DE JANEIRO, Dec. 14.

NEW ECONOMIC ties between Portugal and Brazil are the main target of a five-day visit here by Sr. Mario Soares, the Portuguese Prime Minister, starting to-morrow. But his talks with Brazilian Government leaders, including two meetings with President Ernesto Geisel, may also deal with the problem of refugees from the former African territories of Angola, Mozambique and

Sr. Soares is the first Portuguese Government figure since the April 1974 revolution to visit Brazil, the country which received the leaders of the former regime, Premier Marcelo Caetano and President Americo de Deus Thomas, and later the disgraced ex-President Antonio de Spinola.

Relations between the two countries, which are bound by close cultural treaties and operate a system of dual nationality whereby, for instance, Brazil's large Portuguese colony enjoys the same rights as Brazilians, went through a critical period following the change of government in Portugal.

Sr. Soares' visit is seen by Brazilian diplomats as an attempt to set relations on a more practical, rather than sentimental, footing. Portugal is believed to be looking to Brazil as a source of raw materials previously received from the overseas territories of Angola Mozambique and Guinea-Bissau.

The Portuguese are also reported to be wanting to place part of their overload of African refugees in Brazil. This is not expected to meet with an enthusiastic response from the Brazilians, since employment levels in Brazil are already threatened by Government spending cutbacks and an economic slowdown.

Thousands of Portuguese including many from the African territories, migrated to Brazil after 1974, swelling the 1m.-strong Portuguese population already resident here

U.S. unions want $25bn. tax cut

BY DAVID BELL

WASHINGTON, Dec. 14.

THE AFL-CIO, the American equivalent of the TUC, favours a $25bn. tax cut as well as more Government spending to create jobs in the nation's depressed construction sector and to reduce unemployment among black teenagers.

Mr. Lane Kirkland, the powerful secretary of the AFl-CIO who is sometimes talked of as a possible successor to its President, Mr. George Meany, made this clear to-day in an interview. At the same time he cautioned President-elect Carter against adopting a mandatory wage and price guidelines, on the grounds that they do not work.

But the real purpose of the interview, with senior reporters on the New York Times, was almost certainly to demonstrate once again the organisation's support for Mr. John Dunlop for the post of Secretary of Labour in the new Administration.

Mr. Dunlop held this post under President Ford for a year, but resigned after the President vetoed a Bill which would have allowed construction unions greater freedom to picket at building sites, after Mr. Dunlop had shepherded it through Congress, and despite an earlier Ford pledge to sign it.

However, Mr. Dunlop's possible appointment is bitterly opposed by both blacks and women. Blacks charge that he is too friendly with the construction unions, who have kept as many blacks as possible out of their organisations, and that he has never committed himself to the need to prod unions into "affirmative action" to end discrimination.

Women's groups distrust Mr. Dunlop for similar reasons and both they and the blacks have been lobbying Mr. Carter fiercely in the past few days. Indeed the appointment is fast becoming for these groups a major test case.

Mr. Carter knows that he owes much to the labour coalition that worked so hard for him in the election campaign, and that the AFL-CIO is now seeking to cash in on this debt. He arguably owed even more to the support of blacks, who are already beginning to murmur that the new Administration seems to be paying much less attention to them than it originally promised.

Mr. Kirkland said to-day that Mr. Dunlop was "as close to being as indispensable as any man can be" and added that the AFL-CIO believes that he will be particularly skilled at wresting voluntary wage and price guidelines from both management and labour.

He also said that a permanent tax cut of the size the AFL-CIO wants would add about $10-12 a week to the average pay packet, which would have an immediate effect on consumer durables because regular extra income would make hire-purchase agreements much more attractive. Mr. Kirkland also said that the unions would not oppose increased investment tax credits or other measures designed to restore confidence in industry.

Mexican compromise sought

The Mexican Government is pressing private farming groups and peasant organisations to work out a compromise to resolve the tense agrarian situation in the north-west following a week-end court order favouring large landowners in the state of Sonora, writes Alan Riding from Mexico City. After a judge ratified an injunction protecting the private farmers from confiscation of their land as ordered by President Luis Echeverria last month, there were fears of violence in Sonora if efforts were made to evict the 9,000 peasants who were given this land. But Government sources said there would be no attempt to remove the peasants by force until a higher court determines on January 7 which of the disputed land is in fact subject to expropriation. Negotiations are taking place aimed at a solution under which the farmers will give some of the seized 220,000 acres.

Demoralised West Point gets new commander

BY OUR OWN CORRESPONDENT

WASHINGTON, Dec. 14.

THE U.S. Army, still worried by the after effects of the cheating scandal at its West Point training school, has replaced the school's commanding officer after only 20 months.

West Point, which is to the American army what Sandhurst is to the British, has been constantly in the news this past month after widespread cheating resulted in the resignation or expulsion of more than 150 cadets and the appointment of a high level commission to consider major changes in the institution.

The new commander is to be Brigadier General John Bard, a former Rhodes Scholar currently serving as executive assistant to General Alexander Haig the Supreme Allied Commander in Europe. General Bard commanded troops in Vietnam in 1970 for a brief period before taking up command positions in the Pentagon and in Europe.

The task of restoring morale at the troubled school may not be an easy one. There have already been some changes to the examination system and some minor alterations to the rigid honour code which obliges any cadet to report another cadet whom he may suspect of lying, cheating or stealing.

This code has been at the root of many of West Point's problems, but efforts to modify it have not succeeded so far. Last week the cadets voted by a very slim margin not to allow any punishment other than expulsion for any cadet caught breaking the rules.

Several cadets have already said in court that the code and the punishment are unfair and legal safeguards have been added to the process by which the cadets themselves try colleagues suspected of cheating or otherwise breaking the regulations.

Mr. Frank Borman, the former astronaut who is now head of Eastern Airlines, has been in charge of the commission investigating the academy. It holds its final meeting to-morrow amid hopes that General Bard's appointment may signal the end of its problems.

OVERSEAS NEWS

Israeli forces clash with students on West Bank

BY L. DANIEL

JERUSALEM, Dec. 14.

THE WAVE or unrest in the Israeli-occupied West Bank is spreading with clashes between hundreds of high school pupils and Israeli forces reported in a number of towns, as well as in the old city of Jerusalem. To-morrow, West Bank merchants intend to keep all shops closed ostensibly against the introduction of VAT (already in operation in Israel for six months). However, the general merchants' strike is clearly motivated not only by commercial considerations but by a political desire to demonstrate against the Israeli administration.

With talks in progress in Damascus on the future of strategy of the Palestine guerilla movements, West Bank mayors have been at great pains to disassociate themselves from anything that looks remotely Israeli-inspired. Thus the majority has opposed the possibility raised by Israeli Premier Yitzhak Rabin in a newspaper interview that West Bank mayors might participate in a Jordanian delegation at the reconvened Geneva Peace conference on the Middle East.

The main centre of distrubances in the West Bank this morning was Ramallah, near Jerusalem, where high school pupils have been aroused by the decision of the local mayor, Karim Kahalaf, to declare a general strike to-morrow rather than simply a merchants' strike.

Hundreds of youngsters set up roadblocks of burning tyres, hauled a wrecked car into the main street so as to block entry into the town, and rained a hail of stones on Israeli soldiers and policemen, shouting nationalist slogans.

In the old City of Jerusalem large groups of youngst[ers] gathered at the entrance of th[e] high schools and from th[...] threw burning tyres into [the] road and stoned all pas[sing] vehicles. In other parts of [the] Old City, they threw garbage [...] into the streets and set the [...] tents on fire.

Israeli Defence Minister Shimon Peres has urged the U.S. to boost economic and military aid to Israel during 1978, Reuter reports from Washington. Israel has officially requested $2.3bn. in aid for the year. Of this $1.5bn. is for military purposes. President Ford's 1978 budget, in which Israel would receive less than $1.8bn., goes to Congress next month, and could be modified by President-elect Jimmy Carter when he takes over on January 20.

● PRIME Minister Yitz[hak] Rabin's coalition governm[ent] was to-night facing the clo[se] vote of no-confidence in its [...] and the late arrival of an airc[raft] from abroad could be cru[cial]. But most observers expected [the] Government to scrape thro[ugh] by two to three votes.

The issue is a religious o[ne:] the holding of an Air F[orce] ceremony last Friday to hon[our] the arrival of the first t[hree] U.S.-built F-15 Eagle fig[hter] interceptors at an hour clos[e to] the beginning of the Sabb[ath]. This, says the ultra-relig[ious] Tora Religious Front, w[hich] tabled the motion of no c[onfi]dence, forced Government M[inis]ters, the chief of staff and p[...] and their families who pa[rtici]pated to desecrate the Sabb[ath] since they were forced to d[rive] home after the onset of the [day] of rest, which begins at 6 p.[m.]

Meeting on Lebanon arms issu[e]

BY IHSAN HIJAZI

BEIRUT, Dec. 1[4].

A SPECIAL Arab committee met here to-day under President Elias Sarkis to deal with the question of collecting heavy weapons from rival Lebanese factions and Palestinian guerillas.

This was the first meeting of the four-member committee since it was formed by the Arab mini-summit conference in Riyadh in October which laid down plans for peace in Lebanon.

The committee comprises the Saudi, Kuwaiti and Egyptian ambassadors here, and Col. Mohammed al Kholy representing Syria. The Saudi and Kuwaiti envoys are new, and submitted their credentials to President Sarkis yesterday in preparation for to-day's conference.

The collection of heavy weapons was one of the resolutions adopted by the mini-summit which were later endorsed by the full-scale conference of Arab heads of State in Cairo.

Right-wing Christian groups, who fought Lebanese Left-wingers and Palestinian guerillas during the 19-month civil war, made the collection of their own heavy weapons dependent on the guerillas handing over theirs.

The commandos maintained that they needed to keep some of their heavy arms to continue the struggle against Israel and to defend the Palestinian camps against possible Israeli raids. The Right was not convinced of the argument.

President Hafez al Assad of Syria has already intervened and some of the difficulties are said to have been settled at a meeting with Mr. Yassir Arafat, the chairman of the Palestine Liberation Organisation, in Damascus earlier this month.

None of the factions is expected to give up its heavy weapons completely, but to store them in specified places outside Beirut under the supervision of the Syria-dominated Arab deterrent force. Press reports say the Right has already moved some of its tanks, armoured cars and artillery to the mountains overlooking the Christian port of Jounieh about nine miles n[orth] of here.

If and when the issue of heavy weapons is settled, a m[ajor] step towards stability will [have] been accomplished. Comp[lica]tions could mean recurrenc[e of] tension. Both the Syrians [and] President Sarkis, who is ove[rall] commander of the deter[rent] force, were reported to [have] dropped hints that all h[eavy] weapons must be collec[ted] preferably by peaceful me[ans] but by force if necessary.

Reuter adds: The Right-[wing] Phalangist radio reported [a] bomb explosion in Christian Beirut. It reported no casua[lties] when the bomb wrecked the [office] of a Phalangist political bu[reau] member, Mr. Karim Pakrad[ouni].

● The Syrian authorities [have] carried out a massive camp[aign] of arrest in Damascus ag[ainst] members of a Communist gr[oup,] the Beirut-based Arab N[ews] Agency reported to-day. T[hose] detained are members of [a] breakaway Communist P[arty] group headed by Riad Turk, [but] the reason for their arrest is [not] known.—IPS

Police quiz black editor

JOHANNESBURG, Dec. 14.

SECURITY POLICE to-day released South Africa's top black editor, Mr. Percy Qoboza, after holding him for questioning for eight hours. Eight policemen had taken him from his house in Soweto black township at 3.30 a.m.

A security police spokesman said the 38-year-old editor of The World who is internationally known for his outspoken opposition to this country's race policies, was being questioned "in the course of a normal investigation."

Black and white journalists' organisations protested at the security police action, noting it followed the detention of reporters and photographers on The World, South Africa's top-selling newspaper for blacks.

The Union of Black Journalists said in a statement: "Once again the South African Government has demonstrated that there is no Press freedom in South Africa."

It said Mr. Qoboza's detention "is another indication of attempts to intimidate and muzzle journalists in the pursuit of the truth. The Union of Black Journalists deplores this interference and all of its members have committed themselves to writing the truth whatever the consequences."

Reuter

E. Africa airline debts

NAIROBI, Dec. 14.

THE BOARD of East African Airways has recommended that the airline be broken up, unless Tanzania and Uganda immediately pay their debts to headquarters in Kenya, the Nairobi Daily Nation newspaper said to-day. The paper said that the recommendation had been "unanimously endorsed" by a Board meeting at Arusha, Tanzania, attended by representatives of the three partner states.

Uganda owed the airline 30m. shillings (about £2m.), the paper alleged, adding that Tanzania owed 20m. shillings (£1.3m.). Under the terms of the East African Community treaty, each region of the airline is supposed to remit funds to headquarters. But the system has apparently run into serious problems of late because of various disputes among the members.

There have been frequent reports in the Kenyan Press recently that the airline was on the point of collapse because of debts, and that the three members were planning to organise separate services. Uganda already has its own airline, but international passenger services are still run by the joint airline.

Reuter

Vietnam congress opens

BY DAVID HOUSEGO, ASIA CORRESPONDENT

A THOUSAND representatives from throughout Vietnam and members of 38 foreign delegations gathered in Hanoi yesterday for the opening of the fourth Workers' Party congress that is to set guidelines for the country's 15-year haul towards establishing a fully socialist state.

Le Duan, the powerful First Secretary of the party and the most likely candidate for the party chairmanship, vacant since Ho Chi Minh's death in 1969, called on his countrymen to "consolidate the victory over U.S.-led rebels."

His welcoming remarks to foreign delegations contained no mention of the Soviet representatives—an omission apparently intended to show displeasure at the slowdown in Russian aid since the end of the war. China, which did not send a delegation, conveyed "warmest greetings."

The agenda of the congress includes the second Five-Year Plan (1976-1980), changes in the party constitution, the election of a new central committee, and the next stage in the "Vietnamese revolution."

IMF yields on Egypt currency market

By Michael Tingay

CAIRO, Dec. [14.]

THE International Mon[etary] Fund is dropping its insis[tence] that Egypt should develo[p a] commercial market for Egy[pt's] currency, a senior Egy[ptian] official said to-day.

This reverses a major ite[m in] the plans for reform of [the] Egyptian economy and [indi]cates the Government's [last-]minute refusal to go thr[ough] with the establishment of a [com]mercial exchange rate as ag[reed] with the IMF earlier this ye[ar].

Egypt was going to intro[duce] a commercial money m[arket] backed by a $250m. fund w[hich] would probably have [been] inadequate. During the sum[mer] the administration came t[o the] conclusion that price [rises] triggered by the more rea[listic] valuation of the Egyptian [cur]rency could have serious s[ocial] and political conseque[nces]. There was also little to be g[ained] on the foreign trade side be[cause] of Egypt's chronically ine[lastic] exports.

This idea as shelved, [lead]ing to months of quiet ne[gotia]tion with the IMF about a [...] of "gradualism" in applying [its] recommendations. A Fund [mis]sion is now back in Cairo [con]sidering how best eco[nomic] reforms can be implemente[d].

Observers believe that oth[er re]commendations like cutting [back] heavily on the annual £E[...] spent on subsidies, and ra[ising] interest rates will be reta[ined]. Egypt has already applied [new] tariffs on certain classes of [im]port and has changed the e[...]lations of many duties to [a] more realistic parallel or i[ncen]tive exchange rate.

ON OTHER PAGES

Date set for choice of Miki's successo[r]

TOKYO, Dec. 1[4].

PARLIAMENT will hold a special session later this month to elect a new Prime Minister to succeed Mr. Takeo Miki, an official of the ruling Liberal Democratic Party (LDP) said to-day.

Conservative party leaders said an LDP candidate for the job would be chosen on December 23, the day before the start of the four-day special session.

In the elections for the 511-seat Lower House earlier this month, the LDP lost its majority. But since the election the recruitment of 11 independents has given it an overall majority of five. The party now holds 260 seats and is not expected to recruit any new members in Parliament.

Meanwhile preliminary figures from the Finance Ministry revealed that Japan had a visible trade deficit of $139m. in November, on a customs clearance basis, compared with a surplus of $433m. in October and a deficit of $89m. in November last year.

And Minister of Internat[ional] Trade and Industry, Mr. To[shio] Komoto said that a Europ[ean] Common Market delegation [is] expected here early next mo[nth] to seek exemption for EEC [cars] from the tough emission con[trol] standards Japan is to introd[uce] in 1978. Mr. Komoto sai[d a] decision on whether [the] standards would apply [to] imported cars would be made [by] the end of January.

Agencies

صكنا من الاصل

WORLD TRADE NEWS

Polish PM will stress imbalance with Britain

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

·TH BRITAIN and Poland ex·ct trade to be among the main ·mes for discussion during the ·ee day visit to London of the ·lish Prime Minister Mr. Piotr ·roszewicz, which begins to-day. ·t both sides will be making ·ong selling rather than buying ·ches.

According to Mr. Jaroszewicz ·an interview with the Finan·l Times, he expects to be sign· some economic agreements in ·ndon, as well as exploring ·ys of expanding co-operation.

But he emphasised that one of · main aims will be to stress · heavy imbalance in Anglo·lish trade which has favoured ·itain for many years. Though ·land will continue to import ·itish machinery and equip·nt, he said, it was important ·t Britain should start buying ·re from Poland.

He was particularly keen, he ·d, to increase sales of Polish ·chinery and equipment. "We ·nt to build up a new tradition *this sphere*," he commented.

If this did not happen, he ·ted, Poland might have to ·rt restricting its imports. In the first nine months of this year British exports were £142m. and imports £114.4m. Last year Britain had a surplus of £40m.

Mr. Jaroszewicz said he was also keen to discuss obstacles to trade, including those raised by Britain's membership of the EEC, such as the common commercial and agricultural policies which had had a severe effect on Polish exports. He also expeected to discuss problems arising from the new EEC 200-mile fishing limit.

The Prime Minister will be accompanied by the Minister of Foreign Trade, Mr. Olszewski, the Minister of the Chemical Industry, Mr. Konopacki, and the deputy head of the Planning Commission, Mr. Glesik. He will have two talk sessions with the Prime Minister, Mr. Callaghan, and meet British industrialists. His programme also includes a visit to the London Metal Exchange and a ride on the high-speed train.

According to a statement to the Polish pres by Mr. Callaghan, he expects the visit to improve co-operation in the fields of construction, metallurgy, food processing and the aircraft industry.

Among contracts currently under negotiation, there are understood to be deals for the construction by British companies of hotels and airline buildings in Poland. Chemical plants are also being discussed, as well as British participation in the modernisation of Polish railways.

The visit takes place against the background of a growing determination by Poland to pay off its hard currency debt. Production for export has priority in the new five-year-plan, and Poland hopes to be back in surplus by the end of the decade.

The balance of payments is of major concern. Polish officials have stressed that although their export plans are based on hopes of a Western recovery they would be prepared to cut back imports if the balance of payments did not improve. This would even be done at the cost of having to reduce Poland's high rate of industrial growth.

Brazilian rail deal concluded

By Nicholas Owen

BRITAIN'S General Electric Company, which is to provide £150m.-worth of equipment and services for expansion and modernisation of part of Brazil's railway system, is hopeful that the links forged between the group and a local company will lead to further Anglo-Brazilian co-operation on other Third World rail projects.

This was disclosed yesterday by GEC officials after the formal signing of the final part of a loan package to enable Brazil to finance the building of a new "steel railway" from the Belo Horizonte iron ore mines to the steel works at Volta Redonda plus the electrification of other lines towards Sao Pablo and the port at Sepetiba, near Rio de Janeiro. The total cost is put at nearly $500m.

Yesterday's signing — aboard British Rail's High Speed Train on a special run between London and South Wales—was of a $200m. Euroloan for the Brazilian Federal Railway System. N. M. Rothschild, the London merchant bank, is lead manager for the loan which complements another of £127m. in sterling provided by the U.K. and Scottish clearing banks.

GEC's local partner will be the large Villares engineering group, which is becoming involved in a railway project for the first time. Other Brazilian companies are active in railway construction elsewhere in Latin America and in Nigeria, and GEC expects that its present technology agreement with Villares will hold good for further work. It was emphasised, however, that there are no direct shareholding tie-ups envisaged between the two concerns.

Men and Matters, Page 14

Siemens in Malta

Siemens has won a 16.5m. dinar (£21m.) contract to provide Libya with new internal and external telephone exchanges. Siemens will supply and instal 17 automatic exchanges and 77 terminal exchanges.

BL and VW Kenyan plant sets pattern for future co-operation

BY TERRY DODSWORTH

NAIROBI, Dec. 14.

THE LONG term Kenyan Government plan to establish a domestic commercial vehicle manufacturing business took its first major step yesterday with the opening of a £1.3m. Land-Rover, truck and Volkswagen mini bus plant at Thika near Nairobi.

Launching the plant yesterday, at a picturesque assembly punctuated by tribal dancing and attended by Mr. Jomo Kenyatta, the Kenyan President, Mr. Alex Park, the British Leyland Chief Executive, said that it would provide a model for other international co-operative ventures. These must "inevitably follow in other countries around the world which are seeking to create industrial processes for the benefit of their citizens."

In reply, Mr. Kenyatta told a crowd of 5,000 who had flocked to the plant for the launch ceremonies, that it was a demonstration of the way in which political stability could attract investment funds. Kenyans must work hard to continue attracting such investment, he said.

A General Motors factory making Bedford and Isuzu vehicles in Nairobi is expected to follow the Leyland plant within the next 12 months.

Another project at Mombasa, in which a joint company owned by Lonrho and Inchcape will be making a wide variety of different marques, is also under development.

The Leyland factory marks an important new approach in the company's dealings with the developing world. Throughout the project the Kenyan authorities and local business interests have been given a much greater stake than is normal on developments of this kind.

About 40 per cent. of all the equipment in the plant was manufactured locally, with Leyland, and companies like Carrier Drysys which designed the paint plant, sending out designs for construction in Kenya.

Roughly 30 per cent. of the finished vehicles will also be Kenyan-made. Under a recent Government directive this local content level will be stepped up gradually.

Leyland has also departed from conventional practice in many parts of the world by accepting a partnership deal in the project which gives it less than a controlling interest of 50 per cent.

Ownership is split three ways, between Leyland with 45 per cent., the Kenyan Government with 35 per cent., and CMC Holdings a locally-owned distribution company, with 20 per cent. British Leyland has a ten-year renewable contract to manage the plant.

Initially, the Phika facility, standing in 30 acres, will employ about 250 people. It has a capacity of 3,650 vehicles a year, but this can be doubled with two-shift workings. In the longer term there is a possibility of some car assembly as well.

Output initially will be split between Land-Rovers, Range-Rovers a range of medium weight Leyland Albion trucks and the Volkswagen mini bus. VW, which will supply kits for local assembly on the same basis as Leyland, was invited to join the project because of the potential for the mini bus in the local tourist market.

Although the Phika plant, with a capacity for about 1,200 Land-Rovers, will clearly help to reduce the pressure on production at Solihull in Britain, the U.K. company is expected to go ahead with its own planned Land-Rover and Range-Rover expansion next year.

Dutch plan new gas terminal

By Michael Van Os

AMSTERDAM, Dec. 14.

THREE DUTCH companies have decided jointly to study the building of a gas storage and transhipment installation in one of the Dutch ports, for which purpose a company will be formed called Eurogas Terminals.

The three companies are Van Ommeren and Paktank (part of Pakhoed), which are normally each other's main competitors in the storage field, and Thyssen-Bornemisza Europe, the industrial holdings companies which also has varied interests in the Rotterdam area.

A spokesman said in Rotterdam to-day that the installation to be built will be suitable for storage and transhipment for third parties of liquid petroleum gas (LPG) and chemical gases. It is envisaged initially to undertake pressurised storage and to include, at a later stage, refrigerated storage. It was added that the Dutch Government has ordered a so-called "risk study" which is now being carried out.

The joint venture has tentatively concluded that such a project is feasible and it is due to enter operation in mid/end 1978. The first phase of the plan provides for 10 to 15 tanks of 2,000 cubic metres each and investment could amount to around Fls.20m.

The spokesman said that the initial market for the stored products would be the Benelux and Germany's industrial centres and that primarily a range of Dutch ports were being considered as well as foreign ports on the Continent. Much of the gas to be dealt with would come from the North Sea.

Assuming all permits are received for the project, the joint venture hopes to start actual construction in the third to fourth quarter of 1977.

Sharp rise in W. German imports

BY GUY HAWTIN

FRANKFURT, Dec. 14.

·EST GERMANY'S exports to ·stern Europe and China have ·is year risen far more slowly ·an imports from these areas, ·tting the balance of trade in ·e Federal Republic's favour by · per cent. to DM5bn. (£1.25bn.) · the first nine months.

Figures issued by the Federal ·onomics Ministry show that ·ports went up by only 2.7 per ·nt. in the first nine months, ·ile imports in the same period ·se by a hefty 33.5 per cent.

This means that in the first ·ree months of the year, the ·ntrally planned economy ·untries have been able to off·t some two-thirds of their ·ports from West Germany by ·ports.

Last year these countries off·t only about 50 per cent. of ·eir imports from West Ger·any in the form of exports. ·his year West Germany's turn·ver with the area is expected · rise by 8 per cent. to DM28bn. ·27bn.) and, therefore, the ·vings in hard currencies accru·g to the centrally planned ·conomies from this year's sales ·urge will be substantial.

The prime beneficiaries from ·his trend have been Romania ·nd the Soviet Union. The Roma·nian deficit in trade with West Germany fell in the first nine months of this year by 87 per cent., while Russia's deficit in the same period was reduced by 41 per cent.

Russia's imports from West Germany in the opening three quarters were offset by exports to the tune of 70.3 per cent. The smaller East European countries achieved an average offset rate of 63.5 per cent., while the People's Republic of China's offset rate was 50.1 per cent.

A breakdown of West Germany's imports from the centrally planned economies shows the bulk still come in the foodstuffs, raw materials and semi finished products sectors. Foodstuffs accounted for 11.6 per cent. of imports, raw materials for 17.7 per cent., semi-finished products for 35.5 per cent., and finished products for 32.6 per cent.

The proportion of finished products imported increased from the previous year's 30.4 per cent. However, the proportion of technological products, such as machinery, cars and instruments, remains low, at just over 5.5 per cent. Some 44.6 per cent. of West Germany's exports come in this category.

According to the latest figures, the Western OECD countries' trade turnover with the centrally planned economies totalled $27bn. in the first half of 1976. Imports amounted to $11.6bn. and exports to $15.7bn. At the same time the West's surplus in trade fell back by 15 per cent. to $4.6bn. compared with the same period of 1975.

Western Europe's surplus fell particularly heavily, by 53.7 per cent. to $1.4bn., whereas North America's surplus rose by 59.8 per cent. to $2bn. West Germany's share of the West's exports to the centrally planned economies amounted to 21.4 per cent., while its proportion of imports account for 17.9 per cent. of the total.

India and Portugal sign pact

BY K. K. SHARMA

NEW DELHI, Dec. 14.

PORTUGAL AND India have signed their first trade agreement which identifies a number of commodities for exchange and many areas which have commercial possibilities and scope for collaboration. India and Portugal have also agreed to exchange delegations of businessmen in order to expand economic relations.

Portugal has agreed to offer specialised textile machinery, materials handling equipment and trawlers in exchange for imports of coffee, tobacco, iron ore, sea food and certain types of electrical and electrical goods.

The two countries have discussed the possibility of India using substantial ship repair facilities in Portugal and trans-shipment of Indian cargo destined for Latin American countries at Portuguese ports.

Earlier this month, at discussions in Rome, India and Italy agreed on steps to expand trade and economic co-operation between them which include establishment of export oriented engineering units here with Italian collaboration, as well as joint projects in third countries (the possibility of India shipping iron ore and 20,000 tonnes of coal to Italy have been mentioned in agreed minutes signed by the Indo Italian Joint Committee at Rome by India's Commerce Minister Mr. Chattopadhyaya and Italian Foreign Trade Minister Mr. Rinaldo Ossola. An important project to be undertaken by the two countries is a 2m. tonne iron ore pelletisation project at Goa.

Japanese buy Boeing

TOKYO, Dec. 14.

·APAN'S South-West Airlines ·aid to-day it has chosen Boeing ·37 jetliners, instead of British ·ircraft Corporation One-·Elevens, to replace its ageing ·S-11 turbo-prop aircraft.

The airline, based in Okinawa, ·he Southern-most island of ·apan, said it recently sent a ·etter of intent to Boeing saying · would buy three Boeing 737s ·or delivery in April and Decem·er, 1978, and August, 1979, and ·lacing an option to buy one to ·e delivered in December, 1980.

Last month, the influential Federation of Economic Organisations (Keidanren) sounded out Japanese domestic airlines on the possibility of buying BAC One-Eleven jetliners from Britain to help reduce Japan's surplus in trade with Britain.

South-West Airlines said it preferred the Boeing 737 because of the British jetliner's smaller seating capacity and because Japanese airlines are not familiar with the BAC One-Eleven.

Reuter

Peru compensates Swiss

BY JOHN WICKS

ZURICH, Dec. 14.

·ASH COMPENSATION can now ·e paid by the Peruvian Govern·ent to Swiss shareholders in ·ower, telephone and cement ·ompanies nationalised in Peru. ·fter what are referred to as ·ngthy and intricate negotia·ons carried out by the Swiss ·ank Corporation on behalf of ·wiss banks, holding companies ·nd individual investors, com·ensation will be based on a ·redit agreement signed in Sep·mber, transfers in connection ·ith which have just been made.

The credit, amounting to ·0m., was granted to the Peru·ian Government by a banking ·yndicate consisting of the Swiss ·ank Corporation, the Union ·ank of Switzerland, Swiss ·redit Bank, Swiss Volksbank, ·ank Leu and Private Bank and ·rust Company. A share of 70 ·er cent. of the sum will be used · compensate Swiss investors in electricity, telephone and cement undertakings nationalised by the Government, the remainder going to finance Peruvian investment projects.

The agreement does not affect the Swiss-Franc and dollar bonds of the former Lima Light and Power Company and Energia Hidroelectrica Andina quoted on the Swiss bourses. Here, the Peruvian Government continues to guarantee interest and amortisation payments.

● Mitsubish Motor Company has established a Swiss car sales company called MMC Automobile A.G. jointly with ERB Group of Switzerland for marketing of Mitsubishi's cars there. Capitalised at about Y350m. and 90 per cent. owned by the ERB group, the company will market 1,700 to 2,000 Mitsubishi cars a year in Switzerland starting from March next year.

ECGD Korean loans

·ritain's Export Credits Guaran·e Department has guaranteed ·wo £34m. loans which European ·anking Company (EBC) has ·ade available to Dow Chemical ·orea and Korea Pacific Chemical ·f South Korea. Finance for the ·ans has been provided by Mid·and Bank.

The loans will help finance ·ontracts awarded to Fluor ·Great Britain). The first contract ·ith Dow Chemical Korea ·imited is for a plant producing ·hlorine and caustic soda; the ·econd contract with Korea ·acific is for a plant producing ·inyl chloride monomer, low ·ensity polyethylene and ethy·ene dichloride. Both plants will ·orm part of the Yeo-su chemical ·omplex and are scheduled for ·ommissioning mid 1979.

Finnish orders

A. Ahlstroem Oy of Finland ·as won two valuable orders, one ·rom the Soviet Union and the ·ther from West Germany, with ·a combined value of about ·Fmks.60m. (£9.5m.). The Soviet ·order is for the complete machin·ery for a paper mill to be built ·in Goznak, Leningrad, and in ·Hartz, West Germany, Ahlstroem ·has contracted for the total re·construction of a paperboard machine for Hertzberger Papierfabrik.

Watch exports

The Swiss watch industry has called for new measures to counter the high exchange rate of the Swiss franc. A statement by the Swiss Watch Chamber says that the industry, said exports in the first 10 months of this year were 6.8 per cent. below those for the corresponding period of 1975, and almost 30 per cent. down on exports for January-October, 1974.

Better Chrysler terms

CHRYSLER FRANCE is introducing an improved deal for car drivers that includes limited guarantees of price and delivery. The company is guaranteeing the purchase price of a new car for two months from the date of order. If the price changes after this the buyer has the option of cancelling the order.

In addition the date of delivery will be written into the contract and the purchaser may cancel if it is not met. If the car is delivered more than three months after the down payment, that deposit will earn interest for the client at commercial rates during the intervening period.

HOME NEWS

Cheap air fares in Europe 'closer'

By Michael Donne, Aerospace Correspondent

HOPES BY the Civil Aviation Authority that cheap-fare Advanced Booking Charters will become possible throughout Europe in the near future have been boosted by a decision by the German and Spanish Governments to permit this form of air travel between the two countries.

This form of cheap-fare charter is different from the normal low-fare inclusive-tour travel, which is widely used from Britain, in that it does not include the cost of hotels or ground transport. As a result, the ABC fares can be much lower than inclusive-tour fares.

The Authority has been campaigning for a long time for cheaper European air fares, and in particular has been pressing for a widespread introduction of cheap ABC rates between Europe and Britain. Hitherto, this plan has been blocked by other European Governments.

The Spanish-German agreement, therefore, represents a breakthrough, and according to the Authority is one of the most encouraging developments yet in the move towards cheaper European fares.

Merger denied

At the same time, however, the Authority is anxious to retain some control over the levels of fares, and it is seeking to tighten the regulations governing what are called "throwaway holidays" from Britain to Europe.

Under these holidays, the tour organisers offer very cheap inclusive tour air fares with minimal hotel accommodation, recognising that the travellers only use the low fares and do not use the hotel element of the package.

At a public hearing in London yesterday, it was said that in some cases holidaymakers have been encouraged to reject the hotel accommodation on such holidays.

A number of tour organisers argue that this is the only way in which they can really offer clients cheap air fares, and that the sooner the whole system is changed the better.

● Suggestions circulating in the civil aviation industry that the British Airports Authority and the Civil Aviation Authority may be merged have been categorically denied by both organisations and the Department of Trade.

£1m. project lifts output at Callard

GALLARD AND BOWSER has completed a £1m. redevelopment programme at its Hayes, Middlesex, plant. The bulk of the money has been spent on new production and packaging machinery, which will increase output of a modified toffee product by 60 to 70 per cent.

The production line has been automated without any loss of jobs.

Gilts market may be hit if Healey disappoints

BY MARGARET REID

A WARNING that the recent big buying of Government stocks could be abruptly reversed if to-day's mini-Budget fails to measure in toughness up to international expectations, was sounded yesterday by a leading stockbroker in the gilt-edged market.

"At the moment, the prospect is uncertain. If anything goes wrong to-morrow, there could be a good rush for the exit in the gilt-edged market," said Mr. Nigel Althaus, senior partner of Pember and Boyle.

"On the other hand, if the package has the International Monetary Fund's good housekeeping seal on it, the outlook should not be too bad."

Given a favourable reception of the measures to be announced this afternoon by Mr. Denis Healey, the Chancellor, he thought that considerable foreign money could flow in for investment in Government stocks, which have recently been heavily bought by British institutions.

Mr. Althaus was speaking as his firm, one of the largest in the gilt-edged market, issued a further edition of its lengthy study, British Government Securities in the Twentieth Century, covering 1950-1976.

The preface reviews three expedients which have been much discussed as possible means of advancing Government funding—bonds indexed to the cost of living, variable interest bonds and a tender system for gilt sales—without enthusing over any of them.

Policeman

Of the imminent Government measures, Mr. Althaus thought it essential for the arrangements to provide for continuing policing of Britain's progress by the IMF.

Without this, the reception for the package would be poor. "But if you actually have the policeman here with his hand on your collar, its a rather different matter."

If the package were approved, the effect on gilts should be good. For, said Mr. Althaus, referring to the recent buying which has driven the redemption yield on long gilts down from over 16 per cent., "although the British institutions have put most of the money they have to invest in already, foreigners could well move in quite in force."

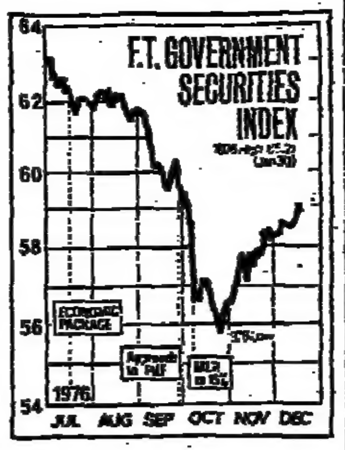
Of possible indexation of gilts, Pember's preface says: "It would be quite wrong to introduce indexation of Government debt in isolation to enable the Government to meet an excessive borrowing requirement.

"There is much concern already about the 'crowding out' effect of the borrowing requirement on the private sector.

"If indexation were introduced for the public sector alone, the crowding out would become absolute. Indexation would have to be brought into play almost through the economy — in mortgages and, especially, in the tax system."

The point is also made that a sensible system of indexation "would open the way to a wholesale conversion of existing Government debt into indexed bonds, with saving in at least immediate interest costs.

Of a possible auction, or tender, method for selling Government bonds, Pember says: "It is not a system that we like, and we hope it would only be a last resort." This is largely because it would hit the existing gilt market, diverting activity from it to the detriment of jobbers as the market makers of the system.



Aluminium set for boom year

FINANCIAL TIMES REPORTER

BRITAIN'S aluminium industry looks set to equal its second best year—1973—in dispatches to customers, improving substantially on its results in 1975 and falling behind only the boom year of 1974.

Figures issued by the Aluminium Federation in Birmingham show that the industry returned to a reasonably high level of activity in most areas in October after the summer lull, as customers began to restock.

Primary aluminium dispatches rose to 54,211 tonnes, compared with 35,792 tonnes in September, and secondary dispatches at 18,301 were also at a high level.

Production of primary metal was down—mainly as a result of a fire which took half British Aluminium's Invergordon smelter out of commission—and imports, at 22,356 tonnes, were correspondingly up, to reach the second highest total this year.

Dispatches of rolled products, at 20,190 tonnes, were up on the previous month's figure of 17,508 tonnes and on the low August total of 14,297 tonnes, but dispatches of extrusions, at 16,483 tonnes, were down somewhat on the September figure.

Dispatches of rolled products for the first 10 months were some 17 per cent. ahead of the corresponding period of 1975 and dispatches of extrusions were 14 per cent. up.

	Oct. '76	Oct. '75	Jan.-Oct. '76
Primary production	24,418	26,792	274,807
Primary Imports	22,356	17,653	181,494
Primary Dispatches	54,211	47,626	489,251
Secondary Production	18,277	16,131	169,442
Secondary Dispatches	18,301	16,846	164,040
Rolled Products dispatches	20,290	17,339	177,747
Extrusion dispatches	16,483	15,330	153,864

Sun 'could help crops more'

BY DAVID FISHLOCK, SCIENCE EDITOR

THE CASE for working for higher yields from arable crops as the most promising way of harnessing solar energy in Britain is being prepared by the Agriculture Research Council for an important energy study.

The council has been compiling statistics which show that average crops yields in Britain for the period 1973-75 were less than half the best achieved. Even yields from "average good" farmers fell below the best during this period.

Sir William Henderson, secretary of the council, is planning to lay his case that arable crop farming is already the biggest user of solar energy in the U.K., but one whose efficiency could be greatly improved, before an energy study being made by the Royal Society.

Sir William yesterday presented figures showing that average yields of potatoes in Britain were only 29.9 tonnes a hectare, compared with 50 tonnes for "average good" farmers and 88 tonnes for the best yields achieved.

Yields of tomatoes averaged only 116.9 tonnes a hectare, compared with 260 tonnes for "average-good" farmers and 350 tonnes for the best achieved.

Similar patterns were found in the yields of wheat, barley, sugar, and apples.

Sir William said that much could be done to improve yields by applying knowledge already existing, but that was not the whole story.

"We do not know enough about cultural priorities, water control, soil problems, and the control of weeds, pests and disease fully to exploit the potentials provided by the plant breeder."

About 55 per cent. of the funds for the Agricultural Research Council come in the form of research contracts placed by the Ministry of Agriculture, Food, and Fisheries.

The council, which spent a total of nearly £34m. last year, expected that in real terms it would have to reduce its research effort, but was preparing to do so by not filling all the vacant posts which became available.

It had established a working party to help determine research priorities. One which had already been given high priority was the variability of crop yields in Britain.

Also apparent was a "slight decrease" in the effort accorded to fruit research and a corresponding increase in work on cereal crops.

Annual report of the Agricultural Research Council 1975-76, SO. £2.

Imported trucks win bigger sales slice

By Stuart Alexander

IMPORTED COMMERCIAL vehicles increased their share of the U.K. market last month taking 14 per cent. of the total compared with 9.8 per cent. 12 months before.

For the first 11 months of the year, they pushed up their share from 11.3 per cent. in 1975 to 13.95 per cent. this year.

Last month was a better month for commercial vehicle sales, which were 5 per cent. on November, 1975, at 18,249, but the running total for the first 11 months was still 5.5 per cent. down on 1975 at 195,252, according to figures issued yesterday by the Society of Motor Manufacturers and Traders.

Ford continued to lead the market, with a 34.5 per cent. share of all commercial vehicle sales, followed by Leyland with 26.1 per cent., Bedford with 17.8 per cent. and Chrysler with 4.5 per cent.

Although Ford took the overall largest share, this was based on its success in the market for heavier goods vehicles.

Leyland overwhelmingly dominated the bus, coach and taxi sector as well as having the edge in the car-derived van and pick-up market.

However, Ford was also the main supplier of other goods vehicles up to 3½ tons, where it took marginally under 50 cent.

New television relay station

THE INDEPENDENT Broadcasting Authority's new UHF television relay station at Wooburn, near Bourne End, Buckinghamshire, will begin transmissions on Friday, carrying the London programmes of Thames Television and London Weekend Television on Channel 56.

Consumers recover confidence, but hesitate to buy

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE MOST recent British Market Research Bureau survey of consumer confidence for the Financial Times shows that there has been a marked recovery in confidence from the very low level reached at the height of the sterling crisis.

But people are continuing to feel very badly hit by inflation.

The squeeze on incomes is beginning to make consumers less enthusiastic about the wisdom of buying major items for the house in spite of fears of an increase in VAT in to-day's mini-Budget and other price rises.

The research, carried out in the last week of November, shows that consumers' confidence about their future financial prospects had recovered to its highest level since September.

This possibly reflects the slightly better economic news that week—most notably the National Institute for Economic and Social Research's forecasts.

Even so, people were still gloomier than they had been either at the end of last year or in the first few months of this year when a much more optimistic picture was emerging from the survey.

According to the latest figures, those expecting things to worsen outnumbered those expecting things to get better by 25 per cent. among all adults. In the November survey, the pessimists were outweighing the optimists by 36 per cent., which was the gloomiest view ever recorded.

The recovery in confidence was particularly notable among professional men. Male manual workers also took a slightly brighter view about the future, but both professional women and women in working class households were much less optimistic about the future than the men.

Despite the recovery in confidence in the latest survey, the six-month moving average index continued to move down as seven months ago people were feeling much more optimistic than they are now.

The latest research shows that there has been a small drop in the proportion of people feeling that their incomes have not kept up with inflation.

Even so, people are feeling worse off now than in any month since the survey started in 1970, apart from November.

Asked whether their families were worse or better off than a year ago, the proportion of all adult saying that they were worse off outnumbered those who said they were better off by 40 per cent.

This compares with a balance of 42 per cent. feeling worse of in the survey published in November and 20 per cent. last December.

Professional men continued to feel less badly hit by inflaion than men in manual jobs, but the gap between the two categories has been narrowing for the last three months.

Scots agency plans big investments

BY OUR OWN CORRESPONDENT

THE SCOTTISH Development Agency is planning big investments in a number of industries, at least one of which will be the Scottish subsidiary of an international manufacturing company.

Sir William Gray, chairman, announcing this yesterday, on the agency's first anniversary, said that the agency was embarking on a "major spend" for 1977-78 which would include investment in a number of large companies.

Next year, it would carry out a £5.3m. advance factory programme, its third, which meant that it was committed to a total of £13.3m. to this side of its activities.

Sir William also announced the agency's fourth investment in a Scottish company, a £60,000 stake in Prosper Engineering, of Stewarton, Ayrshire, which makes high-quality studding and other oil-related equipment.

In its first year, the agency had approved expenditure of more than £10m. on land renewal projects, and investment of almost £2m. in industry. It had found new tenants for its stock of advance factories at the rate one a week.

A total of 3,300 new jobs was being created in the new factories, together with several thousand more in companies in which the agency now had a stake.

A £415.00 0investment programme has been approved for next year at Ranco Motors, which the agency took over earlier this year for £1.275m.

Mr. Robert P. McEwan, director of PA Management Consultants, West Scottish Region, and director of PA's Financial Services Division, has been appointed the agency's finance director. He will join at the beginning of next year to complete recruitment of the agency's senior management team.

Management to campaign for enhanced status

BY NICHOLAS LESLIE

A PROGRAMME aimed at improving the role and standard of management is to be launched by the British Institute of Management, its chairman, Sir Derek Ezra, said last night.

Sir Derek told the institute at its annual dinner in London that the "action programme" would in effect be a manifesto on such issues as the contribution managers could make to economic success and their need to participate in policy formulation at national and local level.

It would also tackle the need for greater recognition of managers' status and standing in society and the importance of improving professional management skills, competence and professional standards.

The BIM was now fully launched on its new representative role which it adopted two months ago, and was putting members' views to the Government and other bodies.

Efforts were being concentrated in four main areas—the status of managers, participation and industrial democracy, the industrial strategy, and incomes policy.

Referring to a letter sent recently by the BIM to Mr. James Callaghan, the Prime Minister, setting out the BIM's views on what to-day's economic package should aim at, Sir Derek again raised the "crucial issue" of "where managers will stand in the next round of wages policy."

Their position had deteriorated sharply and a move towards restoration of differential rewards was needed.

On the issue of industrial democracy, Sir Derek said there would be major moves on this front next year. The institute had submitted its views to the Bullock Committee.

Farm methods threaten wildlife, says report

THE DIFFICULTIES of reconciling modern agriculture and effective nature conservation are emphasised by the Nature Conservancy Council in its annual report for 1975-76, published yesterday. The situation will worsen, it says, unless the significance of what is happening is realised.

Increased mechanisation, improved drainage techniques, increased ploughing and the extensive use of pesticides and fertilisers meant that farmland no longer supported the wide range of wild plants and animals it did.

"We are convinced that only if the nation specifically plans for wildlife will it survive to any significant extent in the lowlands and more fertile uplands."

Ponds, ditches and hedgerows were all disappearing, and 36 of the 50 or so most common farmland birds needed at least hedges, and preferably woodland, to survive. Twenty-four species of butterfly occurred on untreated pastures and meadows, while sown grass meadows were unsuitable for any species.

At the same time, modern farming had turned certain insect species into serious pests. Though most weed species had been reduced in numbers, some of the most undesirable—specially wild oats and black grass—had increased.

Nature Conservancy Council. Second Report, April 1, 1975, to March 31, 1976. SO, £2.75.

BALANCE OF TRADE

		Exports £m. seasonally adjusted	Imports £m. seasonally adjusted	Exports Volume seasonally adjusted 1970=100	Imports Volume seasonally adjusted 1970=100	Terms of trade *Unadjusted 1970=100	Oil balance £m.
1975	1st	4,531	5,383	128.9	125.4	76.9	—766
	2nd	4,479	5,160	122.6	122.2	80.2	—689
	3rd	4,632	5,621	120.0	127.4	81.8	—795
	4th	5,126	5,809	128.3	127.2	80.7	—864
1976	1st	5,419	5,893	131.6	124.0	81.1	—959
	2nd	5,992	7,032	137.1	136.7	79.8	—968
	3rd	6,121	7,326	133.1	137.2	80.0	—1,064
	April	1,922	2,237	134.8	134.0	80.0	—336
	May	2,009	2,383	138.2	139.7	79.5	—320
	June	2,061	2,398	138.3	137.1	79.8	—319
	July	1,949	2,477	129.9	140.3	79.3	—370
	August	2,039	2,337	132.5	131.2	80.5	—321
	Sept.	2,133	2,513	136.7	140.1	80.2	—372
	October	2,222	2,576	140.1	142.6	79.2	—261
	November	2,226	2,736	136.7	142.1	78.4	—409

* The ratio of export prices to import prices.

Oil purchases boost imports

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE SHARP rise in imports last month reflected, in particular, an increase of £146m. in purchases of oil from abroad. This in turn was shown in the large widening in the oil deficit during the month and while this was partly an adjustment from the relatively low October figure, there was also probably some stocking-up of oil ahead of a likely price increase after this week's OPEC meeting.

The detailed figures indicate that the terms of trade—the ratio of export prices to import prices—deteriorated noticeably for the second month running, in contrast to the firm trend after the fall in sterling earlier this year, and reflected a sharp rise in import prices.

Special financial accounts urged for workers

BY MICHAEL LAFFERTY

PROPOSALS ON the disclosur[e] and presentation of financial i[n]formation to employees were u[n]veiled yesterday by the Hundre[d] Group of top chartered accou[n]tants in industry and commerc[e].

The group says that annu[al] reports and accounts should [be] made available to all employee[s] but it attaches far great[er] importance to the provision [of] five other information statemen[ts] specifically designed for e[m]ployees.

These would include simplifi[ed] statements of value added, ca[sh] flows, assets and liabilities, e[m]ployee benefits, and special i[n]formation about matters mo[st] directly affecting each employ[ee] in his own factory or place [of] work. The latter would cov[er] details of progress in the facto[ry] in which he worked, the outlo[ok] for the factory and future plan[s].

The group says that it attach[es] the greatest importance to th[e] wider information covering t[he] whole group.

The additional informati[on] could be presented in a vari[ety] of ways. But, while a spec[ial] employee report has beco[me] general, the group thinks th[e] oral/visual presentation and [ex]planation by line managers co[uld] be more effective.

Difficult

Dealing with the controvers[ial] area of giving privileged inf[or]mation to employees, the gro[up] suggests that this is not qu[ite] such a difficult matter as is oft[en] alleged.

"If information is given [on] a localised basis it often cea[ses] to be price-sensitive and to [be] of value to competitors. Wh[ile] some small risks may have to [be] taken in this area, the value [of] securing fuller participation a[nd] hence more effective working [...] outweighs this disadvantage," [it] states.

Financial Information for Employees. The Hundred Group From Peter Gilbert, London Chartered Accountants, 38 Fi[ns]bury Square, London EC2. 1[...] free.

Big towns seek aid for centres

By Stuart Alexander

GREATER CO-ORDINATION [of] Government policies and a swi[tch] of some financial resources [is] required if the decline of [the] industrial hearts of conurbati[ons] is to be arrested, according [to] the Association of Metropoli[tan] Authorities.

Presenting an associa[tion] report, Cities in Decline, in L[on]don yesterday Mr. Kenneth W[ool]mer, chairman of its plann[ing] and transport committee, [said] local authority associations [and] the larger individual authori[ties] should seek representation [on] the National Economic Deve[lop]ment Council and on those [indi]vidual industry Neddies ap[pro]priate in terms of the indus[trial] base of an area.

He called for a reversal of New Town development [pro]gramme. Provisions should [be] made under the Commu[nity] Land Act and rate support g[rant] allocation to let local authori[ties] assemble "city-centre" parcel[s of] industrial land suitable for development.

It would make more sense, [said] Mr. Woolmer, to redevelop w[ith] auxiliary facilities such [as] schools, hospitals and drai[ns] already existed, rather [than] encouraged industry to resi[...] developments that had swall[owed] up Green Belt land.

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The Financial Times

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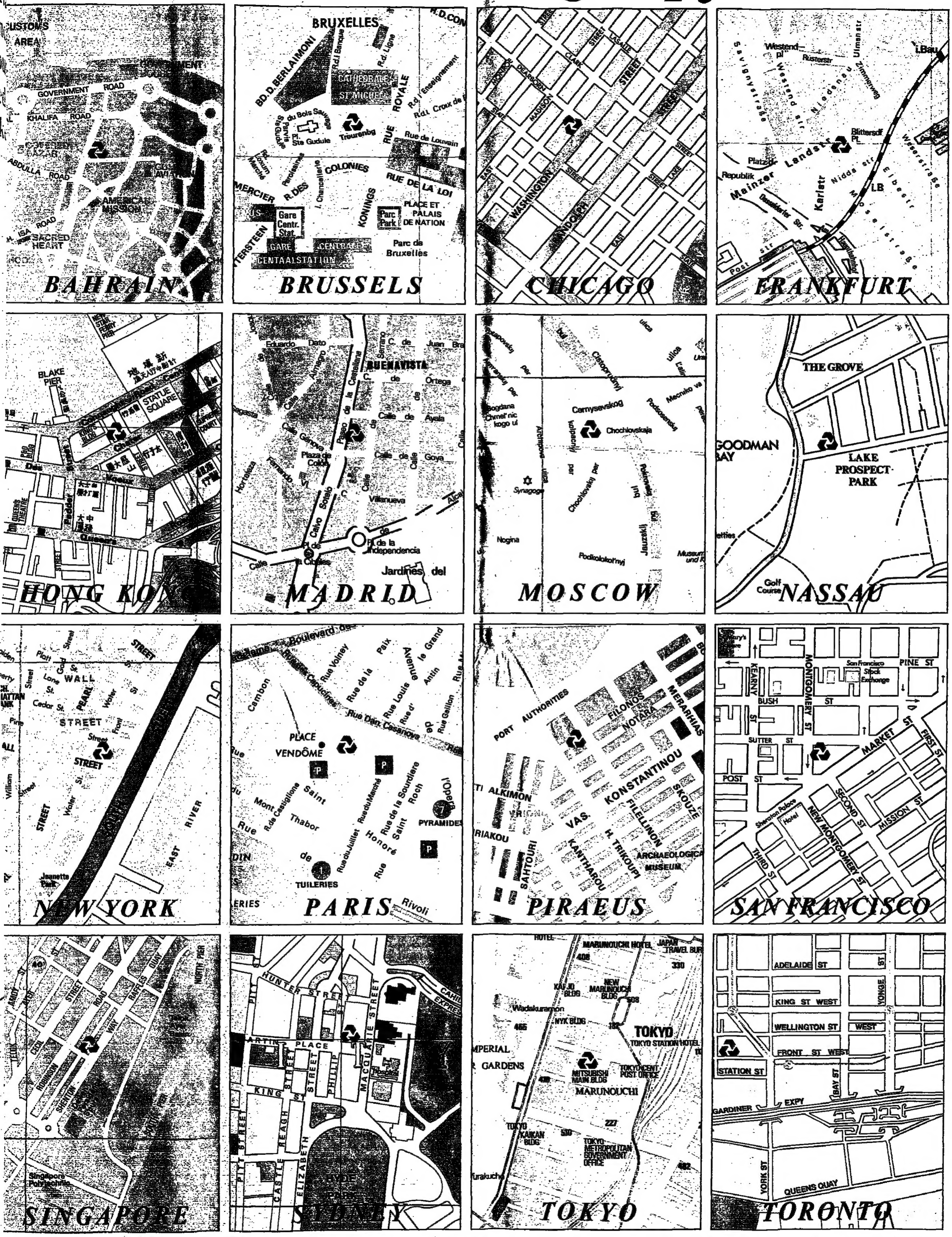

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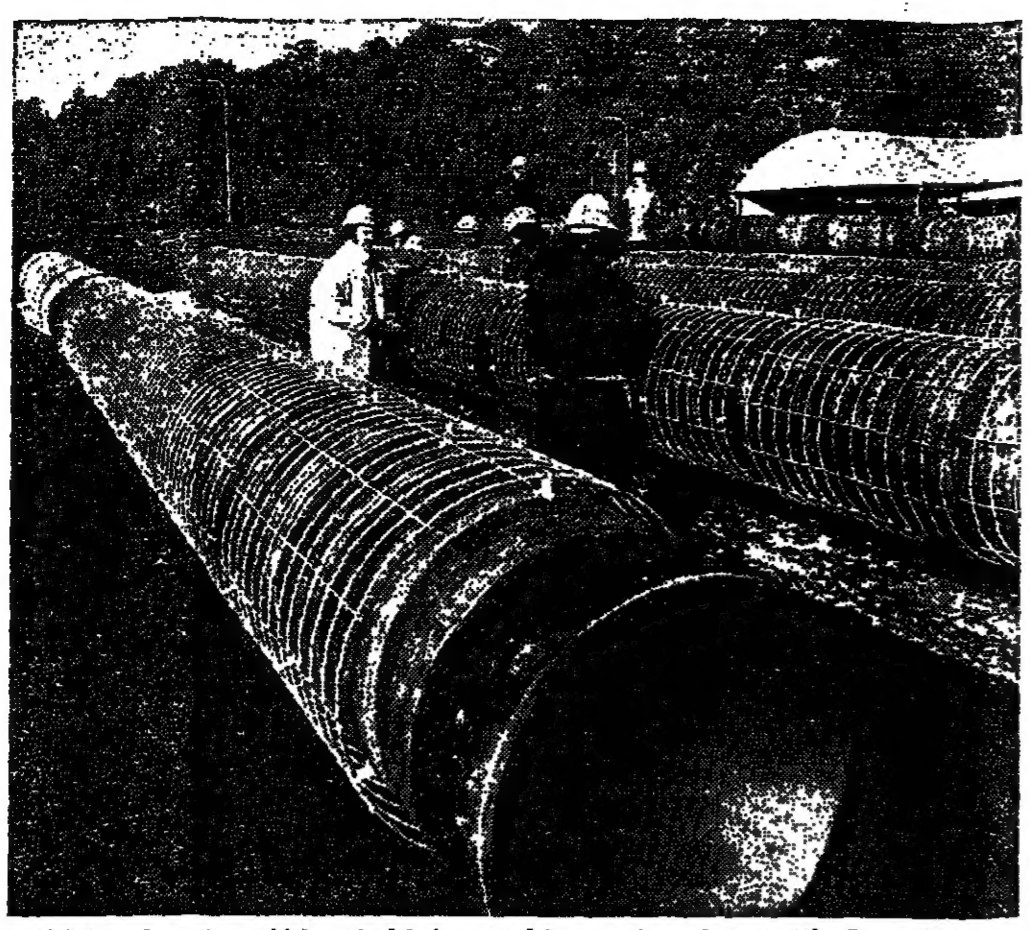
The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

Pipe systems which have to withstand the severe conditions met in northern waters for several decades, while transporting precious natural gas to energy-hungry areas, must have first-class protection against corrosion and damage. Part of the job of coating 40-foot-long sections of 24-inch pipe consists in surrounding them with a steel "corset" which provides the strength for a 2¾-inch-thick layer of concrete that follows. It is being done in a £1½m. contract placed for the pipework to bring natural gas from the Kinsale Head field (Marathon) to Cork. John A. Wood is the coating contractor for the 39 miles of pipe. Operations start with the application of a chlorinated rubber-based primer derived from ICI's Alloprene and called Metroset by the supplier, the Metrotect company (Anglo American Asphalt). Creating a strong initial bond between the shot-blasted metal of the pipes and the coal tar enamel layers is vital and this is the function of the Metroset compound. This enamel is 4mm thick and includes two inner wraps of glass fibre reinforcement, following which the reinforced concrete encasing is carried out. Further protection against corrosion is to be provided by the application of a zinc sacrificial anode system which protects the steel by reversing the natural flow of electricity that would normally occur if steel is immersed in seawater so that the zinc corrodes away rather than the steel pipework rusting. John A. Wood is part of the Cement-Roadstone Holdings group of Eire, which has an annual turnover of around £92m.



● RESEARCH

Wave data codified

ADVICE TO THOSE involved in the design of offshore structures on the important subject of wave forces is offered in a new publication produced by the British Ship Research Association entitled "A Critical Evaluation of the Data on Wave Force Coefficients." It is believed to be the most comprehensive work of its kind.

Produced by BSRA for the Department of Energy and now available to the industry, the report reviews current literature dealing with drag and inertia coefficients to be used in the Morison equation for the estimation of wave loadings.

The report, produced in conjunction with the Offshore Structures Fluid Loading Advisory Group (OSFLAG), is available from British Ship Research Association, Wallsend Research Station, Wallsend, Tyne and Wear, NE28 6UY, at a cost of £10, plus £10 for the two supporting appendices combined.

● MACHINE TOOLS

Micros help control machines

TWO NEW high-performance numerical controls for turning and machining centre applications have been launched in Europe by General Electric Company of the U.S.

The 1050MC and 1050T incorporate new diagnostic capabilities enabling operators to inspect tool condition regularly during cutting.

Mark Century 1050MC is a multi-axis controller that combines microprocessor logic with numerical control techniques to provide high reliability.

One diagnostic feature is a four-part, on-line program that continuously monitors the control and machine condition during operation. Another is used when malfunction occurs to locate and isolate problems so that faulty plug-in modules can be removed and service restored quickly.

The 1050T high-performance, two-axis turning machine control also uses microprocessor concepts to provide standard and optional features or tailoring for each turning machine application. It can operate from the tape reader, from part program memory, or from remote input that can be stored in memory, with editing capability of individual words or whole blocks.

The programmable control interface (PCI) developed for the two units consists of a microprocessor and semiconductor memory plus supporting circuits. It is mounted on a single 1050 printed circuit board which plugs directly into the control backplane. Additional input filter boards or output drive boards are added as needed.

Because the interconnections are stored in memory the wires normally used between individual logic elements have been eliminated.

Mark Century Company at Hagley Road, Birmingham. 021-454 214.

● DATA PROCESSING

U.K./Polish equipment progress

DURING December, Redifon will be despatching orders worth £450,000 representing key-to-disc equipment exported to Polish users. This will bring total exports to this area since the company concluded its exporting/manufacturing agreements with the Polish authorities in 1973/74 to £5m.

Latest deliveries consist of new orders to the chemical and machinery industries, the Ministry of Internal Trade and additions to equipment installed by the Polish Road Transport Authority.

To the 50 systems so far delivered and operating, the company expects that at least a further 60 will be added next year.

More than half of these will be the MERA 9150, the Polish-made version of Seecheck, licensed by Redifon.

MERA and Seecheck equipment, designed for direct capture of information in computer-input arrangement, is one of the cornerstones of the management information services planning under the current Polish five-year plan.

It is understood that users are making maximum utilisation of the machines with operation over two and three shifts a day.

Redifon Computers on Kelvin Way, Crawley, Sussex; Crawley (0293) 31211 for further details.

Council in facilities takeover

IN LINE with Government pressure to cut costs and reduce the taxpayers' burden, the Three Rivers District Council in South-West Hertfordshire has taken a unique step, for a local authority, by handing over its computing facilities to a private computer services company.

Under the contract, which will last for over five years, the Three Rivers Council will receive the same services and facilities at estimated annual savings of 20 per cent. on the cost of running their own computer. The company is the Hoskyns Group, with a record to date of some 35 similar contracts.

This is the first case of a local authority taking such a step, for previously the idea has only been accepted by private companies seeking more cost effective computing.

Already there has been substantial interest from other local councils and professional institutions such as the Institute of Public Finance and Accountancy.

The original council computer staff have transferred to the Hoskyns payroll and are now full time employees of Hoskyns.

This type of service is called facilities management, which means improving the effectiveness of a computer by working the machine for up to 24 hours a day. Hoskyns will increase the computer's use by attracting other users from the South-West Hertfordshire area.

Further from Hoskyns at 91, Farringdon Road, London EC1M 3LB. 01-242 1951.

Three chips in micro

INTEL HAS announced a microcomputer consisting of only three semiconductor large scale integrated chips that will provide the same facilities as a system built from ten currently available eight-bit microcomputer components.

An important aspect of the chip set is that each of the members runs from a single five volt supply: the savings in costs from this factor alone can be significant. The new family is fully software-compatible with the industry standard 8080A, the only difference being that the new CPU can be run up to 50 per cent. faster.

Central processor chip 8085 has a built-in priority interrupt structure, built-in serial input/output port, an on-chip 3 MHz clock oscillator, simplified bus control and encoded status outputs.

Program memory can be electrically programmable read-only (ROM), the 8755, or mask ROM 8355. These devices provide 2k bytes of memory plus two eight-bit programmable input/output ports. The family is completed by the 8155 RAM/timer/input-output chip which provides 256 bytes of read/write memory. More from 4 Between Towns Road, Cowley, Oxford OX4 3NB (0865 771431).

Design aid group unit in Riyadh

GENESYS, the British-based computer aided design company is setting up a company specifically for CAD work in the Middle East.

The Saudi group, to be known as SAC GES (Saudi Arabian Computer and General Engineering Services) is opening an office in Riyadh, Saudi Arabia, which is being equipped with a PRIME 300 computer and range of peripheral equipment including line printer, plotter, on line visual display terminals, and data preparation unit based on IBM floppy discs. The software implemented includes not only the full range of GENESYS software, but in addition some programs for surveying, public health engineering, transportation, construction management and other commercial facilities.

SAC GES is 50 per cent. owned by Genesys (Overseas), a subsidiary of Genesys, and 50 per cent. by the Saudi Arabian Computer Service Bureau, known as SAC MAC, which specialises in computer management services and together will provide services for both commercial and technical organisations.

The installation in Riyadh is matched to that at head office in Loughborough and the machine-independence of Genesys software means that consulting engineers will be able to do work in Riyadh or with Genesys in Loughborough or on their own machines in the U.K. with full compatibility of data and results.

Genesys is at Pennine House, 2 Lemyngton Street, Loughborough, Leics. LE11 1XA. (0509) 39185.

● TEXTILES

Sliver fed smoothly in carding

THE FIRST step in producing spun yarns from staple fibres after they have been roughly opened up on removal from bales, is to card them into a web or sliver.

It is the objective to produce a sliver of fibres that is as regular and as consistent as possible. Most systems operate on some arrangement that measures the sliver as it is delivered and the data collected is then fed back to the card feed which adjusts the rate of carding.

Clearly this is a method based on correcting a fault after it has happened. Now a completely new approach has been introduced by the Belgian machine builder Houget Duesberg Bosson (British agent: Border Textiles (U.K.), Ladhope Vale, Galashiels, Scotland. Tel. 0896 3771).

The Servolap is based on a radio-active source which measures the fibre mass before it enters the carding machine: there are no moving parts. This measurement is linked with an integrator unit which is coupled to a variable speed drive on the feed rollers of the carding engine.

With this new equipment it is reported that input rates of up to 1,000 kg./hr. can be processed and that the regularity of delivered sliver is held to within ±2.0 per cent. It is equally applicable to all types of cards such as woollen, worsted, semi-worsted, cotton or even non-woven cards.

In the total concept a volumetric feed is used as this simplifies maintenance, reduces short-term variations in sliver and provides a regular mat feed which gives a general improvement in carding.

● COMPONENTS

High speed rectifiers

FAST switching rectifiers designated RGP have been introduced by General Instrument (U.K.). They are available in 1½, 2 and 3 amp versions wit[h] several peak inverse voltage ra[t]ings between 50 and 1,000 volt[s].

Maximum reverse recover[y] time is an important paramet[er] in devices of this kind—f[or] example in TV circuits—and [G.I.] says it has ensured that the RG[P] series meets all international r[e]quirements. The recovery tim[es] vary from 150 nanoseconds f[or] the 50 V types to 500 ns at t[he] top voltage. Reverse leakage cu[r]rents are typically below o[ne] microamp.

A glass-passivated constru[c]tion is used with over-mould[ed] plastic package. Environment[al] standards of MIL-19500/228 a[re] generally exceeded. The devic[es] will provide rated current co[n]tinuously at 55 degrees C a[nd] the quoted operating range [is] —65 to +175 degrees C wi[th] derating as necessary. Mo[re] from Cock Lane, High Wycomb[e,] Bucks (0494 27856).

● INSTRUMENTS

Hand-held grain heat tester

A battery-operated porta[ble] instrument from RDS (Agri[cul]tural), Stroud Road, Nailswo[rth,] Stroud, Glos., GL6 0BE (045 ... 3787), can be used to check temperature deep within a la[rge] stock of grain.

Called the Temp-Test, it [can] be held in one hand, leaving [the] other free to use the two-me[tre] long two-piece probe. As soon [as] the probe has been pushed i[nto] the grain, the temperature in [the] crop can be determined by tu[rn]ing a pointer on the face of [the] instrument—when the corr[ect] temperature is reached by [the] pointer a signal light shows.

Suitable for use in conjunct[ion] with store monitoring equipm[ent] relying on sensors in fixed p[osi]tions, or where there is no ot[her] means of checking crop t[em]perature, the unit is supp[lied] with a chart indicating temp[era]ture danger levels.

● HANDLING

Sectional elevators

SCREW ELEVATORS fitted with sectional augers and delivery tubes are now available from Helix Conveyors, Brauching, Ware, Herts., SG11 2NR (027974 229). The length and discharge height of any elevator in the range can be increased or decreased in a few minutes by adding or removing an appropriate number of sections.

Known as the Metric Module range, the elevators will handle most types of free-flowing powders, granules, flakes, pellets and crystals. Up to 12 cubic metres of materials/hour can be handled.

The motorised units can be formed from any combination of augers and tubes of 1, 2 or 3 metres length. The augers are connected by steel pins, bolts and locknuts and the tubes by flanged joints.

● TRANSPORT

Electronic taxi meter venture

FINDING IT difficult to buy the kind of modern taxi meter they need in order to cut costs of operation, several London taxi fleet proprietors have formed a company called Cavalier Engineering to market an electronic design of their own.

The move seems to have taken place largely because of the time taken to alter existing mechanical meters each time there is a tariff change. Each cab can be off the road for two or three days and it has taken as long as a year to deal with the whole London fleet. During that time of co[nfusion] customers — and particul[arly] foreign visitors—have strug[gled] with tables pasted up inside [the] vehicle.

Problem for operators has [been] that significant extra opera[ting] costs in the form of ga[rage] charges and loss of earnings [have] been incurred and inevit[ably] reflected in the hire rates. [The] new Cavalier meter elimi[nates] the problem because tariff c[han]ges can be made in a few mi[nutes] at consequently low cost.

The conversion consists [of] little more than plugging [in a] suitably programmed read [only] memory (ROM) that can be [pro]grammed in advance at [the] maintenance depot.

Design still uses a mecha[nical] drive from the cab's whee[ls for] the distance data input; [how]ever, it then drives a chopper disc the speed of w[hich] is determined by light s[ource] and photocell. Timing info[rma]tion comes from a digital q[uartz] clock and the inputs are [com]bined and manipulated [by a] microprocessor based on Texas TMS 1000.

The display should als[o be] much more readable in the [rela]tively low ambient lighting [of a] taxi, since it consists of ... inch high light-emitting characters in bright red.

Cavalier says that the [meter] is the first of its kind [to be] available in the U.K. usin[g] solid-state circuits and [incor]porating individual counter[s for] jobs, units, total miles, [en]gaged miles and extras. [It will] fit any type of cab or mot[or] and is readily interchang[eable] between hire vehicles.

Clearly, Cavalier intends [to get] its device on the market ahead of the established m[eter] makers such as Lucas and ... —who may well have a pr[oblem] in disposing of existing stoc[ks of] mechanical units.

The market is sizeable—[there] are 25,000 metered cabs i[n the] U.K. and Cavalier says [it is] poised to export, too.

LEGAL NOTICES

No. 004067 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of FLEMISH BOND BRICKWORK COMPANY LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was, on the 8th day of December, 1976, presented to the said Court by the COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London, EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL, on the 17th day of January, 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. KRIKORIAN,
King's Beam House,
39-41, Mark Lane,
London, EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their Solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 14th day of January, 1977.

No. 004069 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of PYRASTAR LIMITED and in the Matter of the Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding up of the above-named Company by the High Court of Justice was, on the 8th day of December, 1976, presented to the said Court by the COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London, EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, WC2A 2LL, on the 17th day of January, 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

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HOME NEWS

Too big profits bring cut prices

y Our Consumer Affairs Correspondent

ITAIN'S SMALLER com- ies cut prices by a total of 5m. last month to wipe out ess profits made under the ce Code. The cuts came after ection of their records by Price Commission's regional es.

he companies, which included manufacturers and four con- ction enterprises, are defined "Category Three" companies. his means that they do not e to notify the Commission proposed price increases, but expected to keep within the s of the code.

he £4.25m., compared with a l of £3.53m. in October, resents the total excess profits arthed by the Commission's stigations of the companies month, details of which e released yesterday.

he Commission also inter- ed last month in 64 applica- s for price rises submitted by ain's largest companies.

total of 12 notifications were cted outright, including ones n Edenhall Concrete Pro- ts, Gerrard Industries and lverhampton and Dudley weries.

jected

HM Bakeries' application for ier bread prices was turned n for technical reasons, but applications were re-sub- ted, resulting in the 1p a loaf ease which was blocked by Secretary of Prices.

HM was also one of 31 com- ies to have price increases by the Commission last ith. Apart from applying to e its bread prices, the com- y proposed to put up the price ts confectionery and morning is by 9.53 per cent., but this cut to 8.81 per cent.

mong other companies to e price increases modified BP Oil, whose application to ease the price of refined oleum products by 16.29 per t., was cut by 14.11 per cent., Conoco and ICI.

further 20 applications were hdrawn by companies.

hey included notifications n Unigate Foods, which ited to raise the price of its eses by 7.07 per cent., the k Marketing Board, and the ilever subsidiary Van den ghs and Jurgens, which sub- ted an application to raise oil l straight fats prices by 17.12 cent.

Footwear chief expects quick decision on aid

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE FOOTWEAR industry, hit by unemployment and short time working, expects an early decision on whether Government financial support will be forthcoming for a rescue package.

The tripartite body set up by the Government nearly two years ago to find a new strategy for the declining sector, to-day will put the finishing touches to its appeal for State aid.

Proposals for wide ranging measures, such as those introduced under the wool textile scheme, are likely to be put forward, according to Mr. George Marriott, chairman of the footwear study steering group.

Mr. Marriott was confident last night that the Government would give an answer within a month on the level of financial aid it was prepared to extend.

So urgent were the industry's problems that the group had decided to lodge its claim for help under Section 8 of the Industry Act, 1972, even before its final report had been concluded.

The Industry Department, as a member of the tripartite body with management and unions, was aware of the way the study was going and its likely recommendations. No commitment of any kind had yet been given by civil servants, Mr. Marriott said.

Not until its meeting on January 12 is the group likely to give final approval to its report. The latest draft will be considered to-day, but debate is likely to be wide-ranging on what prominence should be given to the role of planning agreements and the National Enterprise Board.

Mr. Marriott said that the group was likely to take up many of the ideas put forward in the Government commissioned study by the economists' advisory group of managing consultants.

The consultants' recommendations, estimated to cost the Government less than £4.5m. over three years, included proposals for the State to pay half the salaries considered necessary to attract new managers and designers to the industry.

They said that such methods would enable footwear companies to pick up 35 £10,000 a year executives and 20 new top designers.

They also recommended a Government fund of £1m. to be offered as risk capital to encourage new companies to enter the trade. Designer-managers wanting to set up in business would be able to look for up to £50,000 from the Government.

One idea likely to gain backing from the group is for aid to encourage existing manufacturers to form footwear marketing export companies.

The State would take a 50 per cent. shareholding, perhaps through the National Enterprise Board, with an upper limit of £50,000.

However, the group is unlikely to make any strong recommendations about the most controversial part of the consultants' report, which said that Sir Charles Clore's British Shoe Corporation retail chain should be broken into six separate companies.

The group is likely to emphasise that this is an issue better dealt with by the Industry Department which could invoke powers of investigation through the Prices Commission or the Offic of Fair Trading.

Construction equipment sector told of need for mergers

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE NEED for mergers among U.K. construction equipment manufacturers was emphasised last night by Mr. Geoffrey Warren, president of the Federation of Manufacturers of Construction Equipment and Cranes.

"We in the construction equipment industry have to get closer together—form larger units to support the type of service and provide the production facilities necessary to maintain let alone increase our share of world markets," he told the Federation at its annual dinner in London.

"Regrettably I am not able to report much progress in this direction. The British character rates independence very highly but amalgamations must come, as they have in America."

He believed that at the end of this year it would be found that from a total production of about £650m., exports from his industry would have increased over last year by 30 per cent. to about £460m., making an export achievement of 70 per cent.

"There is no room for complacency, however, as imports too will have increased by a similar percentage —much of it for the very large machines not yet available from U.K. sources.

"Our share of world market has declined and a major effort will be needed to recover the lost ground," he added.

A large part of the U.K. construction equipment industry's success could be attributed to the predominantly American multinational companies.

"Quite rightly they are strongly represented on the National Economic Development Office construction equipment working party. But I think it is well known that the Federation has been critical of the inadequate representation by wholly British companies.

The construction equipment industry needed a reasonable home market for its products. "We have not got one and neither will we have one in 1977. . . ."

Government cuts in road construction and civil engineering activity had had the most serious effects on contractors' and plant hirers' activities, and they were the best customers.

Further uncertainties had been created by the threat of expansion of direct labour work and of possible nationalisation of some of the U.K.'s leading civil engineering contractors.

The Federation would "give the maximum support" to the battle against these measures being waged by the Federation of Civil Engineering Contractors, Mr. Warren promised.

Mr. John Methven, director general of the Confederation of British Industry, also referred to the Government's proposals to extend direct labour organisations' activities and described them as "a blatant example of inconsistency in industrial policy."

Direct labour organisations' charging and tendering procedures were widely considered totally inadequate. Until they had been reformed, there was no guarantee that they were not wasteful.

£9m. plan to lift Monkton coke output

By Ian Hargreaves, Industrial Staff.

A £9m. PROJECT to double production at Monkton coke works near Jarrow was announced yesterday by the National Coal Board.

The investment will lift production at the works, operated by NCB's National Smokeless Fuels subsidiary, to 400,000 tons a year when the plant is commissioned in 1979.

National Smokeless is now working at its total capacity of 2m. tons.

Three-quarters of the high-grade blast furnace coke produced will be sold to a consortium of five Swedish iron and steel works under a £7m. contract.

The scheme will also employ slightly more labour at Monkton and safeguard the jobs of the 270 men already working there.

Coal blending

It will also guarantee the jobs of 1,000 Durham miners by doubling Monkton's consumption of locally-mined coking coal.

Mr. Frank Scargill, managing director of National Smokeless Fuels, said that the expansion would also contribute significantly to overcoming the growing world scarcity of prime quality coking coal.

"There is no doubt that Britain is the world leader in coal blending technology," he said.

Other new equipment includes a coal crusher, a rod mill for grinding coke breeze and new dust extraction and filtration disposal plant. Tenders for the work will be invited on a competitive basis.

Clearing banks closing days

THE LONDON clearing banks will close for business at midday on December 24 and will reopen at 9.30 on December 29. They will also be closed on January 3.

Scottish clearing banks will be closed on December 27 and 28 and for the New Year on January 3 and 4.

Further rise in frozen food sales predicted next year

BY STUART ALEXANDER

ONTINUING rise in the sales frozen foods next year in e of a probable standstill, in ime terms, in overall food s was forecast yesterday by lever's Birds Eye subsidiary.

With food price inflation in expected to be about 20 per over the 1976 average, we et to see a standstill in real nditure in the U.K.," said Keith Jacobs, the company's eting director.

lowever, we see no reason l why the growth pattern for n foods should not con- . So we see the total market mestic and catering—grow- by about 5 per cent. in ne."

hind this optimism is a ed trend to the use of s foods, more particularly in niddle of the week and for ren, though whole families now more often offered s instead of full meals.

is has been mainly as a t of a steady trading down g the recession, though it so partly due to the trend. vives to take jobs, full or ime.

ile housewives have looked for a low-price high-quantity product to make the household food budget stretch a little further, there has also been significant growth in the sale of luxury foods, which some manufacturers put down to the strong desire to compensate occasionally for periods of austerity.

Next year, the joint effects of inflation, a reduction in subsidies and the Common Agricultural Policy are likely to make the position worse. Fresh foods such as meat and fish will be ever more costly, while processors with flexible recipe inputs will be better able to keep prices stable.

Incentives

Looking further ahead, Birds Eye expects half the homes in the U.K. to have a freezer by 1980 and two-thirds of all frozen food to be sold to that market.

The company has been conducting a concentrated sales campaign to the retail trade in recent weeks, explaining market trends, introducing new trading incentives and encouraging retailers to expand in-store display cabinets and to introduce back room storage. There will also be improved terms for whole sale cold storers.

Although there was a shortage of some vegetable for freezing during a dry summer, Birds Eye does not expect that there will be insufficient stock to meet demand. But there could be some negative price influence on demand.

Peas, sprouts, and frozen chips have all presented a problem after the difficult home crops and processors have had to turn to the U.S. Australia and New Zealand to make up supplies.

Treasury paper on investment

THE 12th in the series of Government Economic Service occasional papers is now available, entitled *Investment Intentions, Authorisations and Expenditures*. It is published by the Stationery Office and can be obtained from Government bookshops or through booksellers, price £3.95.

Net migration loss falls

THE EXTENT to which emigrants from England and Wales outnumbered immigrants fell sharply in the 12 months to the end of June compared with a year before, according to provisional estimates issued yesterday by the Office of Population Censuses and Surveys.

In 1974-75, the net effect of civilian migration was a population decline of 44,200, but in 1975-76 the net loss was only 15,600, the statistics show.

The number of births in England and Wales fell to 594,800 against 625,000 the pervious year, and the number of deaths was up to 599,300, compared with 589,200.

Thus the combined effect of the births and deaths was a natural population decline of 4,700 against 1974-75's increase of 35,800.

Overall, the population at the end of the 12 months was 15,000 down at 49.2m., compared with the previous year's fall of an estimated 1,800.

Of England's eight economic planning regions, only three—the East Midlands, East Anglia, and the South West—had population rises during the 12 months. The biggest increase, 1.22 per cent., was in East Anglia, and the sharpest decline, 0.31 per cent., occurred in the North West.

In the South East, there was a 0.16 per cent. population fall, with a 1.05 per cent. decline in Greater London.

Overall, England's population fell by 0.04 per cent. to 46.42m. In Wales, by contrast there was a 0.09 per cent. advance to 2.77m.

Hosiery profits decline

BY RHYS DAVID, TEXTILES CORRESPONDENT

THE AVERAGE return on capital employed by 60 leading companies in the hosiery and knitwear industry shrank from 14 per cent. in 1973-74 to only 0.2 per cent. in 1975-76, the latest Business Ratios report on the sector shows.

The report, which covers the period when the industry was suffering the worst effects of the textile recession, points out that total profits fell from £24m. in 1973-74 to less than £1m. Initially there were only two loss-making companies, but the number had risen to 14 by 1975-76.

The lack of profitability is blamed on the high market penetration of imports, which made it difficult for U.K. producers to pass on higher costs.

Hosiery and Knitwear, ICC Business Ratios, 81, City Road, EC1Y 1BD. £36.

Revenue key devolution issue

BY JAMES McDONALD

PROPOSED Scottish and h Assemblies' lack of nue raising powers would be asingly stressed during the ution debate. Mr. John n, Conservative spokesman ndustry, told the Financial s conference, "The eco- c outlook—1977," in London rday.

re would be strong argu- s that the assemblies should ven independent powers of ue raising, he said. In this xt, the oil companies in- d in North Sea production xploration feared that they be in a vulnerable posi- He noted the attempt by Scottish local authorities, ling Fife, to rate oil rigs.

Biffen foresaw increasing pts by the assemblies to t overseas capital for Scot- development agencies. It l be the responsibility of ecretary of State for Scot- to use, if necessary, his rs of veto.

ilarly, in agriculture, "there erything here for an inci- clash because of the close ol imposed through U.K. ership of the EEC. Many suspect that we are initiat- debate which is really con- d with nationhood and that e compounding our present mic difficulties with this urther complication."

E. F. Limburg, chief econo- f the Amsterdam-Rotterdam Bank, said that economic forecasters would do well not to depend on the cyclical correlations and regularities found in the past.

On the European outlook, he considered the widening gap between the comparatively stable and less stable economies to be the worst problem.

Because of the priority which countries such as Britain, Italy and France would have to give to curbing inflation and to improving their balance of payments, growth would mainly have to be generated by the U.S., West Germany, Japan, the Opec nations and some smaller countries such as Austria and Norway.

Growth areas

These growth areas accounted for 40 per cent. of world imports, so there was little reason for gloom. Latest news indicated an upturn in industrial output in West Germany which was likely to continue into next year at a rate of 6 to 8 per cent., sustained by business investment, consumption and exports, with the inflation rate at 4-5 per cent.

France, Belgium and the Netherlands would have to move more cautiously and would have faster inflation. Growth prospects for Italy, Britain and Denmark were dim. In Italy, inflation would continue "tempestuously."

For the period to 1980, he forecast growth with interruptions, but still faster than in 1971 to 1975, while inflation rates would average less, apart from cyclical fluctuations.

Mr. Paul Bareau, economic advisor to the IPC group and economic consultant to Barclay's Bank, said that the basic problems facing the City next year would in one way or another be concerned with the behaviour and control of sterling.

The future of the City as a great international banking, insurance and merchanting centre could not be viewed independently of the future of sterling.

It was true that City institutions had shown remarkable adaptability in adjusting to the decline of sterling both as a reserve and as a vehicle currency. But the fall in the exchange value of sterling and the possibility of its continuation gave cause for concern.

The capital and reserves of City institutions were rooted and expressed in sterling and as sterling had depreciated, these institutions had inevitably fallen to lower positions in the international league table.

Apart from sterling, many other issues would combine to make next year memorable and eventful. Among these were: the committee of inquiry into financial institutions to be headed by Sir Harold Wilson; the progress, if any, of moves to nationalise banks and insurance companies; the degree to which high direct taxation would accelerate the departure of enterprise from the City; and the process of conforming to new directives from the EEC Commission on banking, insurance and company law regulations.

Other issues were the presevation of a system of self-regulation in preference to a new form of statutory control for the Stock Exchange and the constantly evolving problem of the control of City institutions by the Bank of England and of the relations between the City as a whole and the Government.

There would also be the implications of adherence to the IMF guidelines and the complexities of preparing for inflation accounting in 1978.

Mr. Gordon Pepper, a partner in W. Greenwell, forecast that the "corset" on the banks would be abolished next year.

He expected a fall in real economic growth in the first half of the year. "We are right now at the peak of the mini-recovery."

The forces for increasing inflation were highly visible, but there were also unseen forces tending to hold it down. His guess was that the rate of inflation would creep up to about 16 per cent. in the first half of next year but would start falling again after April.

The U.K., he said, was going to enter another recession—one of the worst since the war. In October he had forecast that sterling had hit the bottom and he was prepared to back that view now.

Interest rates would be falling and money would be pouring into gilt-edged stocks. The Bank of England should ration the supply of gilt-edged so that the money supply for equities should not fall. This was necessary if the Government wanted to minimise rising unemployment.

Of the gilt-edged market, he saw a bullish situation over the next six months although in the immediate future he suggested the market was in danger of being overbought.

Other speakers were: Sir Francis Sandilands, chairman of the Committee on Invisible Exports; Mr. John Fleming, Fellow of Nuffield College, Oxford; Professor E. Victor Morgan, Professor of Economics, Reading University.

LABOUR NEWS

BSC wants reforms pact with unions by next month

BY ALAN PIKE, LABOUR STAFF

THE BRITISH Steel Corporation hopes by the end of next month to achieve union agreement on a wide-ranging programme of reforms designed to improve industrial relations and increase output.

A series of meetings involving the corporation's most senior executives and union leaders representing workers at all levels in the industry is now in progress.

Sir Charles Villiers, who became chairman of BSC earlier this year, is seeking agreement by January 23—the anniversary date of a compromise agreement on manpower reductions reached last year after exhaustive negotiations between the corporation and unions.

Considerable importance is being attached by both sides to keeping the contents of BSC's latest proposals confidential while the talks continue.

However, they are based on a series of measures by which Sir Charles hopes to reduce "confrontation" and the level of disputes in the industry, and involve the workforce more constructively in building for the future.

Union officials are being told that they must give clear backing to measures which will improve productivity of existing plants if large-scale new investment is to be justified.

Fragmented

It is frequently suggested within BSC that better productivity methods could raise output from existing plant by at least 2m. tonnes per year.

Increased worker-participation at all levels is certain to be one of the methods by which the corporation hopes to improve industrial relations.

It is also likely that it will seek to replace the present comparatively fragmented negotiating structure with a single set of negotiations through a joint council.

Any attempts to improve industrial relations in BSC are bound to be complicated by continuing trade union fears about job security.

The January 23 agreement came at the end of an attempt by the corporation to cut labour costs by £170m. a year and reduce the work force by 40,000 over two years.

Although the agreement contained no detailed figures for manpower reductions, BSC executives said that their objectives remained unchanged. But with the two-year period now half over, the corporation has not achieved anything like the demanning it was seeking.

Strikers at Jaguar return to work

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

By Arthur Smith, Midlands Cor.

THE 21 gear-cutters, whose strike action made 4,000 workmates idle at two Jaguar plants Coventry, have returned to work as "a gesture of goodwill." They said their decision was taken to prevent hardship to fellow workers over Christmas.

Feelings within the Coventry factories have run high about the dispute which centres on the refusal of the gear-cutters to work with a colleague, Mr. Terry Chamberlain who is alleged to have set his machine to run too quickly.

Mr. Chamberlain resumed work with the gear-setters at the Radford engine plant yesterday and the laid-off workers will be recalled to-day.

Deadlock in the week-long dispute was broken by Mr. Trevor White, the Radford senior steward, and Mr. John Joynson, district organiser of the Transport and General Workers Union, who persuaded the men to go back. Negotiations continue.

But the outlook for Leyland cars remains gloomy with no sign of an end to the troubles at the Darlaston factory of Rubery Owen, the components supplier.

The atmosphere within the plant was described by management as "tense" yesterday following the deliberate sabotaging of a welding machine. Wire put across two terminals caused a flash of sparks when the operator switched on the power.

The 80 electricians, staging a sit-in in pursuit of a pay demand, have so far refused management requests to leave the plant. Mr. John Page, chairman of the shop stewards committee, claimed three machines had been electrically sabotaged. But the company maintains the latest incident is the first where it has been established that damage was deliberate.

There was no direct risk to the operator as the terminals had a power of only 24 volts. Had the operator gripped the terminals, he would only have got a slight shock.

A company investigation on the day of the incident had failed to produce sufficient evidence to apportion blame.

The electricians' refusal to work has halted production of sub-frames for Minis causing 4,200 lay-offs at Leyland's Longbridge and Castle Bromwich factories. Some 700 employees are still idle following an earlier Rubery Owen dispute.

● The Amalgamated Union of Engineering Workers' executive yesterday decided to set up an investigation following the dismissal of Mr. Bob Knight, convenor at Leyland's Castle Bromwich body plant, after allegations that he had accepted payments for finding people jobs.

TUC plans bigger role for small unions

THE TUC is to call a special conference or congress next April to consider plans for revamping its internal structure to give a greater role to the smaller unions.

The proposals expected to be put before the TUC general council in January will lead almost certainly to a larger general council and reduced influence for leaders of the big general unions in general council elections.

Criticism of the present structure was first voiced at the 1975 TUC Congress which decided to back a call by the Electrical Power Engineers Association for a review. Since then the TUC has invited comments from member unions in which a recurring theme has been the inability of the smaller unions to get their views heard. Poor communication between TUC headquarters and individual unions was another.

A further popular suggestion is that unions of a certain size, say 100,000 or more members, should be guaranteed a seat on the general council.

But possibly the most important suggestion, is that only unions with members in a particular TUC section should be entitled to vote for a general council member to represent that section. At present all unions vote for each of the 38 council seats.

Any change along these lines would greatly reduce the influence of the big unions such as the 1.8m.-member Transport and General Workers Union and the 1.4m.-strong Amalgamated Union of Engineering Workers over the make-up of the general council.

Depending on the extent to which the suggestions are adopted, it is estimated that the general council could expand by between seven and 38 additional members.

Clydeside asks for State stake in Marathon

BY OUR GLASGOW CORRESPONDENT

CLYDESIDE shop stewards and union officials are to meet the Secretary for Scotland, Mr. Bruce Millan, at Westminster to-night to press the Government to take an equity stake in the orderless Marathon yard at Clydebank.

The stewards want Mr. Millan to put their scheme before the Cabinet at its meeting to-morrow when a decision is expected on the company's request for a loan of about £9m. to finance the speculative construction of a jack-up rig to prevent the yard from closing early next year.

The scheme was being approved last night by an emergency meeting of the Clyde committee of the Confederation of Shipbuilding and Engineering Unions, called to consider the Marathon crisis.

More than 1,000 men are to be laid off from the yard on Friday until more work can be won.

Union officials are worried that the Clyde's other shipyards, the Scott Lithgow group and Govan Shipbuilders, face making substantial redundancies early next year unless more orders are placed.

There is also the prospect of 1,400 redundancies in April from the Babcock and Wilcox boiler works at Renfrew, even if the company wins an order for the planned second stage of the Drax coal-fired power station in Yorkshire.

Union officials claim that between 10,000 and 12,000 jobs in shipbuilding and heavy engineering are at risk on Clydeside during the next few months.

Back-to-work hopes rise at Isle of Grain site

BY OUR INDUSTRIAL STAFF

HOPES that work will be resumed early in the New Year on building the £300m. oil-fired power station on the Isle of Grain, Kent, have been raised after the indefinite adjournment this week of the industrial tribunal dealing with several test cases of alleged unfair dismissal arising from the protracted dispute.

Five former workers for Babcock and Wilcox, one of the main contractors, claimed unfair dismissal. The company said yesterday that it agreed to seek the adjournment to achieve early settlement of the dispute, which has lasted 26 weeks. It was felt legal proceedings were harmful to the national-level negotiations to be resumed on Friday.

Under the settlement the whole former Babcock and Wilcox workforce will receive an ex gratia payment in return for withdrawal of the claims for unfair dismissal. The workers numbered 928 when the strike started last June after a row over provision of safety overalls for 28 scaffolders.

Police to lobby their MPs on pay claim

By Our Labour Staff

REPRESENTATIVES of police men and women throughout England and Wales are to meet their MPs at Westminster to-morrow in another attempt to pressure the Government to accept the police pay claim.

The lobby of MPs comes after several unsuccessful rounds of talks with the Home Secretary over the police claim for a £6 increase under the pay policy as well as improvements in fringe benefits for working unsocial hours.

The frustration at making little progress on the claim has led to several motions being put forward for the Police Federation's annual conference in May to consider pressing for the right to take strike action, at present forbidden by law, as well as seeking affiliation to the TUC.

The lobby of MPs, the first to be held by the police, will involve three police men or women from each of the 43 different police areas in England and Wales. They will explain to their MPs that because a pay rise in June last year was not implemented until the following September after the £6 pay policy came into force, the Government has ruled that the police will have to settle this year under the less favourable terms of stage two of the pay policy.

West Midlands town hall men lobby MPs

BY OUR LABOUR STAFF

LOCAL GOVERNMENT workers in the West Midlands yesterday lobbied MPs at the Commons in protest at reductions in the rate support grant which, they claim, will lead to increased rates or reduced services or a combination of both.

The lobby, organised by the Warwickshire branch of the National and Local Government Officers Association, is the first time a local branch of the union has fought their regionalised case at a national level.

It follows Monday's meeting of general secretaries from eight major unions, representing more than 2.5m. workers in the public sector, who decided to continue opposing the cuts by making more effective use of grass-roots protests.

The NALGO members told their MPs that the reduction in the rate support grant, announced by Mr. Peter Shore, Environment Secretary, last month, would mean that an extra £8m. would be necessary for Warwickshire to maintain its present level of services. This would have to be met either by a massive 25 per cent. rates increase or by cutting education, transport, and social services in the region.

Already the local authority has told the union that up to 1,000 jobs could be lost because of the cuts.

MPs at yesterday's meeting agreed to put the union's case to Mr. Shore and to seek an early meeting to explain the situation in detail. The local government workers particularly stressed that up to now they had co-operated with the local authority over reducing manning by natural wastage but felt they could go no further to help achieve the "unrealistic" £8m. cut.

Sheffield steel shows recovery

ALL SHEFFIELD steel companies are reporting stronger business than at any time for more than a year, but scrap merchants are predicting their worst winter since 1971, according to the Sheffield Morning Telegraph quarterly survey of business opinion, published today.

In steel, recent price increases have slowed the rate of orders, but a further pick-up is expected after the Christmas holiday.

The forging and construction industries in Sheffield remain gloomy and companies across the whole industrial spectrum report general lack of business confidence and uncertainty over the implications of the IMF deal.

PARLIAMENT

Left musters 51 votes in defence revolt

BY JOHN HUNT

A GROUP of 51 Labour Left-wingers rebelled in the Commons last night and tried to slash, by *more than half*, the sum of £517,309,000 which the Government was seeking to add to this year's defence budget as a supplementary estimate.

By a majority of 248 (299-51) the Government defeated the amendment put down by 46 Left-wingers demanding that the additional expenditure be reduced by £272,859,000.

They defied Dr. John Gilbert, Minister of State for Defence, who pleaded with them not to vote and warned that *if* their amendment were carried, it would cause enormous dislocation in many constituencies where workers were employed in defence establishments.

The Left-wingers were angered at what they believed was a *Government attempt to hoodwink* them over defence spending. They suspected that the *Government was bringing forward the* large supplementary estimate in order to cancel out the effect of *any defence cuts announced by* Mr. Denis Healey, Chancellor of the Exchequer, in his economic statement to-day.

Dr. Gilbert told them: "It would be irresponsible to go in for major cuts in defence spending outside the context of the agreed mutually balanced force reductions. That is the environment in which we have to take our decisions."

It would cause almost complete chaos to programmes in which a great deal of money had already been firmly committed by contract. There would also be much additional cost resulting from breach of contract suits and even higher costs from the operation of penalty clauses.

Leading the Left wing attack, Mr. Ron Thomas, chairman of the Tribune Group, predicted that the Chancellor would announce reductions of about £100m. in defence expenditure and warned that he and his *colleagues would not be appeased* by such a "sop."

At a time when the Government *was intending to cut* education, health and social services, he felt it was unacceptable that they should come along with such a large defence estimate.

Local authorities were faced with rigidly imposed cash limits and cuts in the rate support grant. But seemingly the Defence Department was not faced with the same sort of strict *controls*, he pointed out.

Mr. Thomas argued that defence was a drain on the balance *of payments*. A total of £500m. had been spent across the exchanges for our defence *commitment in Western Germany* while £2bn. had been spent on our total military commitments overseas in the past three years.

He wondered how long it would be before the Government came along again with a supplementary estimate of £200m. or £300m., thus pushing the defence estimates way above the £6bn. mark. Time and time again, he said, we were spending far more than our competitors on defence as a proportion of the gross national product.

Mr. Neville Sandelson, the Labour MP who is having trouble *with Left wingers in his constituency* at Hayes and Harlington, interrupted to ask him when he was going to say something about the scale of Soviet defence expenditure.

Mr. Thomas replied that he was prepared to call for cuts in *Soviet military spending but what* the House was considering was expenditure in this country. *However, if necessary, he was* prepared to go to Red Square in Moscow to put the same point of view.

He appealed to the Labour front bench to look at the resolutions passed at the annual Labour Party conference and the manifesto commitment to make a substantial reduction in defence expenditure. "We find it completely unacceptable to vote an additional £500m.-plus on defence to-day and then be expected to take it as a sop to-morrow when £1000m. has been cut."

Mr. Ian Mikardo (Lab., Bethnal Green and Bow) clashed with Mr. Norman Tebbit (C., Chingford), who accused him of being sympathetic to the regime in eastern Germany *which murdered those who tried* to escape.

When Mr. Mikardo described *this allegation as grossly offensive* and out of order, Mr. Tebbit then accused him of making money out of East Germany.

Angrily, Mr. Mikardo shouted "That is a lie. I am willing to submit to any independent examination which will show hat *I have never had a single penny* out of that country in any circumstances whatever."

When the Deputy Speaker, Sir Myer Galpern, advised him to withdraw the term "lie," Mr. *Mikardo said he would settle for* Damon Runyon's expression "if it wasn't a lie, it will do until *a real lie comes along.*"

According to Mr. Mikardo, defence expenditure was a sacred cow and anybody who tried to look down its gullet was accused of being unpatriotic or treacherous. Yet civil expenditure seemed to be wide open to examination. This was something that nobody ought to accept.

Conservative defence spokes*man, Mr. Ian Gilmour, called for* the resignation of Mr. Fred Mulley, Defence Secretary, over *the cuts in defence capability*.

He challenged what Mr. Mulley had said earlier during Question Time about the position of the Chiefs of Staff who had been to see Mr. Callaghan to voice their concern over the possibility of further cuts.

Mr. Gilmour declared: "It is not their job to resign, but to put their view forward as forcibly as they can." *Facing* Mr. Mulley across the Despatch Box, he insisted: "It is your job to resign."

To Tory cheers, he went on: "You are trying to cast the burden of the Government's misdeeds on to the Chiefs of Staff and it is quite unworthy of you."

He accused Mr. Mulley of concealing from Britain's NATO *allies the cuts which were to be* made by the Chancellor. This was bad for Mr. Mulley and bad for the country. "Allies do not like being treated like that," he stated.

Marxism challenge by Tory leader

THE PRIME MINISTER was repeatedly challenged by Opposition leader Mrs. Margaret Thatcher in a noisy Commons clash yesterday to say whether he supported views which the Energy Secretary (Mr. Anthony Wedgwood Benn) is reported to have expressed in support of Marxism in the Labour Party.

Mrs. Thatcher asked: "Do you agree with, or reject, the views of Mr. Benn put in a speech last *week-end to the effect that the* influence of the Marxists is welcome in the Government party?"

Tory MPs shouted "Answer! Answer!" when Mr. Callaghan said he welcomed Mrs. Thatcher's interest "in a document proposed to be circulated to the National Executive of the Labour Party."

Mr. Callaghan added that if Mrs. Thatcher and her colleagues continued with their studies, they would one day be eligible to join the Labour Party.

Mrs. Thatcher: "You are trying to dodge the question. I was *referring to a speech* by Mr. Benn which I understand Transport House refused to circulate."

In it, she declared, Mr. Benn had indicated that the influence of Marxists was welcome in the Labour Party. "Do you agree?" the Tory leader demanded.

There were renewed Opposition protests when Mr. Callaghan replied: "The affairs of the NEC have nothing at all to do with you."

He did not think that Trans*port House had refused to trans*mit the speech, "though, again, that is nothing to do with you or with anybody else sitting on your benches." He did not intend to answer any questions about the NEC — if he was asked 17 times.

"I know you are no good at answering questions," Mrs. Thatcher countered sharply, to Labour *shouts and laughs. She* was not asking about the NEC but "about the views of a *Minister of the Crown*" she went on to roars of Tory support.

Mr. Callaghan retorted: "You may ask as many questions as you like. I may be no good at answering them but in that case, I rely on the time-honoured formula that I have no comment to *make on these matters*."

MPs voice Jamaica poll fears

THE PRIME MINISTER told the *Commons yesterday that it would* be "very improper" if foreign intelligence agencies were attempting to influence the outcome of the Jamaican elections.

Mr. Stan Newens (Lab., Harlow), said: "Any covert intervention by the CIA or any other intelligence agency would be something we ought to utterly condemn."

Mr. Frank Hooley (Lab., Sheffield Heeley) said that reports that there had been attempts to destabilise the *political situation* in Jamaica, as was done in Chile, were "extremely disturbing."

Tory queries view of Service chiefs

FINANCIAL TIMES REPORTER

A PREDICTION that further big cuts in defence spending will feature in to-day's mini-Budget was made yesterday by Mr. Ian Gilmour, shadow Defence Secretary, in the Commons yesterday.

But he failed to provoke Mr. Fred Mulley, Secretary for *Defence, into any comment on* the contents of the Chancellor's package or the consequences that *may flow from it.*

Mr. Gilmour argued that the meeting which the Chiefs of the Defence Staff had had with the Prime Minister at 10, Downing Street last Friday was virtually unprecedented and asked: "Is it the view of your chief profes*sional advisers that the defence* cuts to-morrow will bring our defences below the critical level?"

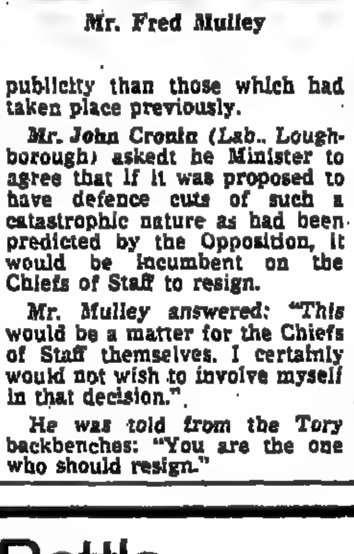
*Ignoring shouts of disagree*ment from the Opposition benches, Mr. Mulley contended that there had been nothing unusual in the Chiefs of Staff exercising their constitutional right to see the Prime Minister.

He indicated that such a meeting would have taken place in the ordinary course of events had the defence estimates been prepared in *normal circumstances*. But the timetable required by the IMF had involved a departure from the procedures usually followed in the preparation of the Defence White Paper.

After making it clear that he *could not anticipate the state*ment which Mr. Healey is to make today, Mr. Mulley con*ceded: "The Chiefs of Staff*, naturally, are anxious to increase rather than reduce defence expenditure."

When Mr. Gilmour again pressed for an explanation of the decision of the Chiefs of Staff to make a joint approach to the *Prime Minister, Mr. Mulley said* it was for the Service chiefs to speak for themselves. But he did *not hink they felt that Britain's* defences were below critical level.

He could recall three occasions in the last decade when the Service chiefs had exercised their right to go direct to the Prime Minister, but for reasons he did not altogether understand, last week's visit had been given more



Mr. Fred Mulley

publicity than those which had taken place previously.

Mr. John Cronin (Lab., Loughborough) askedt he Minister to agree that if it was proposed to have defence cuts of such a catastrophic nature as had been predicted by the Opposition, it would be incumbent on the Chiefs of Staff to resign.

Mr. Mulley answered: "This would be a matter for the Chiefs of Staff themselves. I certainly would not wish to involve myself in that decision."

He *was told from* the Tory backbenches: "You are the one who should resign."

Army costs in Ulster

THE ARMY'S operations in Northern Ireland are expected to cost £63m. in 1976-77, Mr. Robert Brown, Army Under-Secretary, told the Commons yesterday. In a written reply he said the 1975-76 figure was an estimated £60m.

Crosland hopes for Rhodesia peace

By Justin Long, Parliamentary Correspondent

MR. ANTHONY CROSLAND, Foreign Secretary, is holding himself ready to take part personally in resumed efforts in the New Year to achieve a peaceful settlement in Rhodesia.

As foreshadowed by Bridget Bloom in yesterday's Financial Times, Mr. Crosland announced in hte Commons the adjournment of the Geneva conference until January 17 and the visit of Mr. Ivor Richard, conference chairman, to Africa for consultations with all the parties concerned.

"I have asked Mr. Richard, as the Government's special representative, to leave for Africa immediately after Christmas," said Mr. Crosland.

"He will develop our positive ideas for a settlement, which will include, in particular, the direct role which Britain would *be ready to play* in the transitional period. If, at the end of his consultations, it proves *necessary or desirable, I would* myself go either to Africa or to the resumed conference at Geneva."

But the Foreign Secretary resisted pressure from MPs for more information on the part the Government was willing to play in Rhodesia.

"I would say only that our intention will be to meet the concern of the Nationalists that the transition to independence should be rapid and *guaranteed, and the anxieties* o fthe Europeans that it should be orderly," Mr. Crosland told *the House.*

It was the general feeling among delegates at Geneva that an adjournment of some weeks would now be the best way of carrying the work forward to a successful conclusion.

"I may add that Dr. Kissinger, whom I consulted at the week-end, also strongly supports the proposed procedure. *For all the angry* statements which are made from time to time, we have, in my view, a good chance of achieving a peaceful settlement in Rhodesia," the Foreign Secretary declared.

Authority

Mr. John Davies, newly appointed shadow Foreign Secretary, stressed the need for a new impetus to resolve the Rhodesia issues, and regretted the apparent "passivity" on *the Government's part during* the recent negotiations.

Answering further questions *from Mr. Davies, the Foreign* Secretary said he had been given assurance of the continuing support of the U.S. over southern Africa problems when the American presidency changes hands.

But Mr. Crosland acknowledged that the question of passivity had also worried him. A card that could be played *was his own prospective trip* to Geneva or Africa. "The time is not yet ripe for that card to be played but I am sure *it* will have to be played" he added.

Denying that Mr. Richard was undertaking a "hopeless role in Africa" Mr. Crosland said: "He will go there with my authority behind him, knowing he can call on my support at any given moment." The progress of the Geneva conference so far had been "*something of a miracle. Out*side bodies could only give moral support and any agreement had to be reached by the parties involved.

Mr. Crosland again stressed that there was no question of sending British troops or police to Rhodesia.

He told Mr. Jeremy Thorpe, the former Liberal leader, that Mr. Richard would visit not only the five front line African presidents, but also South *Africa and Rhodesia*.

Mr. Reginald Maudling, until recently the Tory spokes*man on foreign affairs*, urged the need for the European population in Rhodesia to be *given some assurance than an* independent constitution would not be torn up by some "*Rhodesian Amin*."

Mr. Crosland said the critical part of the negotiations still to come *would* be reassuring to both sides that the other would not seek to overthrow an agreed *interim Gov*ernment.

At another point in the exchanges, he said that if the conference broke down, it would be wrong to attribute blame to any one party. A breakdown would be the result of the suspicion, distrust and hostility built up over 11 years. But he made clear his optimism that a peaceful settlement could be achieved.

Sanctions

When the statement was repeated in the Lords, Conservative spokesman, Baroness Elles welcomed the idea of a "more constructive and positive role for Britain."

Lord Goronwy - Roberts, Minister of State, Foreign Office, declined to give any *more details of what that role* might be at this stage.

For the Liberals, Lord Gladwyn said that Britain could only play a direct role if all the political parties concerned were prepared to welcome it. It was very desirable for Britain to play such a role during the transitional period.

Lord Goronwy-Roberts told Lord Barnby (C.) that sanctions *would* "wither away" as soon as Rhodesia was irreversibly on course to independence by majority rule. Everybody would be glad to see that day.

Squatting penalties may be extended—Minister

THE GOVERNMENT is considering extending the criminal law on "*unauthorised* and anti-social squatting," Lord Harris of Greenwich, Home Office Minister of State said in the Lords yesterday.

Moving the second reading of the Criminal Law Bill, Lord Harris said that its proposals *would protect occupiers who had* been living in premises before trespassers arrived. But the Government was not committed to this "narrow" provision.

"The Government will wish to have the views of both Houses on whether there is a need for widening the provisions to deal with squatting which seriously impinges on the rights of individuals, and prevents local housing authorities from discharging their responsibilities," he declared.

Consultations with local authorities and the police would continue. The Government would consider whether the Bill should be amended but there were difficulties in extending the criminal law into such a "sensitive area."

Lord Harris also announced a new "broadly based committee" to be named shortly, to under*take a fundamental review of* obscenity, indecency censorship and the law. The committee would take "a broader *look*" at the subject before legislation on part of the problem of obscenity was brought forward.

Lord Harris described the Bill as "a first step to the rationalisation of the structure of fines throughout the Statute Book." New maximum penalties for drink-driving would be six months' imprisonment and a £1,000 fine; for football hooliganism, a £1,000 fine with up to £1,000 compensation; and for anti-rabies offences, a £1,000 fine with *extended* powers of arrest for the police.

The Bill restricts the offence of conspiracy to agreements to commit criminal offences. Instead of being unlimited, the penalty for conspiracy is more closely linked to the penalty for the completed offence.

The Earl of Mansfield (C) said the Bill was welcome where it related the penalty *for con*spiracy to a substantive offence. But he warned that if a reform was to be fair and comprehensive, it should not introduce "some sort of charter for intimidation." That would make the cure far worse than the disease.

Lord Mansfield said many people sympathised with the *problems of* squatters and homeless innocent victims of the present housing shortage.

But there were many cases where squatters were more concerned with free accommodation than a roof over their heads. "It is grossly unfair, as well as a reflection on our legal system, that such people have enjoyed *and continue to enjoy immunity* from the legal process," he said.

There should be no difference between someone who stole a dwelling and someone who stole another kind of chattel, he said.

He warned the Government about a possible uproar on proposals to limit a person's right to jury trial in theft cases only when goods worth more than £20 were involved.

Lord Wigoder (L) welcomed changes on conspiracy but regretted that the Government intended to preserve the offence of conspiracy to corrupt public morals.

In the case of squatters, it was *important that the Bill ensured* that people who squatted because of social necessity, were not dealt with harshly when, above all, they needed sympathy and assistance.

He strongly attacked the limit on jury trial, saying: "I would suggest that this proposal is to tamper with a principal of some importance in the interests of non-existent expediency." When a man's character was at stake he should have the right to ask for trial by jury rather than by magistrates or lay justices.

Overseas aid cuts would harm Third World relations—Judd

BY RICHARD EVANS, LOBBY EDITOR

ON THE EVE of the announcement *from the Chancellor of the* Exchequer of further public spending cuts, a Government Minister warned last night that any reduction in the overseas aid programme would have grim implications for Britain's relations with the Third World.

Mr. Frank Judd, Parliamentary Under-Secretary for Overseas Aid and Development, argued that cits would be hard to reconcile with the Labour Party's traditional sense of international responsibility.

"We cannot therefore escape the duty to scrutinise very carefully how far it is on the backs of others that we propose to build our national recovery," Mr. Judd declared in a speech at Waltham Abbey, Essex.

In the context of Britain's new aid strategy with its emphasis on help for the poorest, cuts would inevitably mean more acute *suffering*, more painful disease and more premature deaths for children and adults than need otherwise have been the case.

"Against the background of our already pretty minimal aid programme it would mean that we had been diverted still further from achieving our objective of greater international social and economic justice," Mr. Judd warned.

He praised Ministers for their courage last July in standing firm and refusing to cut overseas aid. He argued that in the current situation a cut would impose even more harm because of the inevitable effect of securing the IMF loan.

"Simply by seeking to acquire such a vast international loan, Britain was making it *more* difficult for the developing countries to gain fair access to the international funds they desperately needed in their struggle for survival.

He added that in terms of enlightened self-interest it should also be recognised that to cut aid could make confrontation between the industrialised countries and the developing countries increasingly difficult to avoid.

Aid to Lebanon

THE GOVERNMENT is sending £450,000 towards international aid for Lebanon, Lord Oram, Government Overseas Development spokesman, told the Lords yesterday.

The aid comprises £250,000 for the Red Cross International Committee, £150,000 for the UN Secretary General's appeal, and £50,000 supporting voluntary agencies' relief work.

Written Answers

TRADE

Mr. Patrick Wall (Con., Haltemprice). What is the *number of Soviet manufactured* cars that have been imported into the U.K., what effect has this had on British *Leyland*, and how much British credit facilities to the USSR have been used for the export of British cars to the USSR?

Mr. Michael Meacher, Under-Secretary. During the first 10 months of this year U.K. imports of passenger motor cars *from* the Soviet Union numbered 6,748. This had little effect on the U.K. motor vehicle industry as a whole. The Government is, however, keeping a close watch on shipments from the USSR and the other Eastern European *suppliers*. The Soviet market offers little potential for U.K vehicle manufacturers and U.K exports of passenger cars are negligible.

PRICES

Mr. Gwilym Roberts (Lab., Cannock): What study has been made of the increase in potato prices and if there will be a maximum retail price for potatoes or other action to curb *the price rises?*

Mr. Robert Maclennan, Under-Secretary. In the light of the poor potato crop *this summer*, the Price Commission has been asked to continue the monitoring of potato prices and distributors' margins which they began in January. I have carefully considered the present and prospective supply position and continue to believe that fixing a maximum price for potatoes would not be in the consumers' best interests.

Mr. Patrick Wall: What effect the extension of *foreign fisheries limits to 200 miles is expected* to have on the price of fish in the shops?

Mr. Robert Maclennan: The price of fish in the shops depends on many factors, the most important of which is the level of supplies. In the context of the wider adoption of 200 mile limits, this will depend on the outcome of negotiations within the Community and between the Community and third countries: on access to fishing grounds and *conservation* measures. The availability of imports will also be an important factor affecting supplies and therefore prices.

INDUSTRY

Mr. Philip Goodhart (Con. Bromley, Beckenham). What is the total cost to public funds to date of the Concorde project?

Mr. Gerald Kaufman, Minister of State. Up to October 31, 1976, the net cost to public funds of *the Concorde project was £715m*

*

Mr. Peter Rost (Con. South *East Derbyshire*). What progress has been made on the collaboration between Rolls Royce and American manufacturers?

Mr. Gerald Kaufman. Rolls Royce's discussions with American manufacturers cover *confidential commercial matters* between the companies, and it would be improper for me to comment in detail. However, I understand that satisfactory progress is being made in current negotiations on an intermediate engine.

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Mr. Geoffrey Pattie (Con. Chertsey and Walton). Is the Secretary *of State satisfied with* the level of support other than financial, given by his depart*ment towards future sales of the* BAC 1-11?

Mr. Gerald Kaufman. Yes. My Department is in close and constant contact with the British Aircraft Corporation, and has given considerable assistance to the company in its efforts to sell 1-11 aircraft.

*

Mr. Fred Silvester (Con., Man*chester, Withington*). *What pro*portion of applications for assistance *from the EEC Regional* Fund submitted by the Government are for projects situated in the north west?

Mr. Bob Cryer, Under-Secretary, European Regional Development Fund contributions approved by the Commission in respect of projects located in the North West Region amount to £7.2m. and account for about 11 per cent. of the £66.2m. approved for U.K. projects to date. A further allocation to U.K. projects is expected to be announced *shortly. The proportion related* to projects located in the North West is unlikely to change significantly.

TREASURY

Mr. John Farr (Con., Harborough). What was the total sum collected in VAT in the latest available complete year?

Mr. Robert Sheldon, Financial Secretary. VAT revenue collected in 1975/76 was £3454.9m.

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Mr. James Sillars (Scot. Lab., South Ayrshire). On what principle has the Government *hitherto* considered that unemployment and social security benefit should not be taxed?

Mr. Robert Sheldon. Unemployment and sickness benefits are not taxed because no satisfactory solution has been found to the administrative problems involved.

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Mr. Bryan Gould (Lab., *Southampton Test*). What is the estimate of the effect high interest rates have on the sale of gilts? and what estimate has been made of the effect of sale of gilts on the money supply?

Mr. Denzil Davies, Minister of State. It is not the level of interest rates, but expectations for their future course which matter most; if, after any increase investors expect a further rise in rates they may still be reluctant to purchase gilts on any substantial scale. To the extent that the authorities make sales of gilts to the non-bank domestic private sector and the overseas sector, rather than to the banks, there is a contractionary effect on money supply.

*

Mr. Anthony Grant (Con., Harrow Central). What was the earnings of foreign currency by the City of London in 1975; and could this be expressed as a percentage of the money paid by the Government to local authorities in the Greater London area and to the Greater London Council itself in the same year?

Mr. Robert Sheldon. The earnings of foreign currency by the City of London in 1975, net of foreign currency expenses, are estimated to have been £978m in 1975. The rate support grant paid to local authorities in the GLC area together with transport supplementary grant *paid to the GLC amounted in* financial year 1975/6 to £89.. The former figure is 110 per cent *of the latter figure*.

The Management Page

EDITED BY JOHN ELLIOTT

Max Wilkinson outlines how progressive theories have been introduced at GEC.

Schreiber takes on Hotpoint

WHEN Chaim Schreiber, the furniture millionaire, took charge of GEC's ailing domestic appliance business two years ago, his progressive theories of management met strong and almost universal opposition.

His eagerness in advocating profit sharing, consultation with work people, and the abolition of piece rates seemed to many people in the industry to be out of touch.

Mr. Schreiber's confidence was based on the spectacular success of the furniture company he built from nothing after the Second World War to a company with a current annual turnover of £30m.

In the Schreiber furniture factories there is no clocking on, no payment by results, and an insistence that all workers should have the status of "staff" with flexibility about time off, areas for smoking and a strong emphasis on personal welfare. He believes that older disciplines should be replaced by pride in the company, and an ultimate 10 per cent. share in the profits.

Transplanted

In his furniture factories, financial results and little absenteeism show that the theories can work. But it was another matter whether the ideas could be transplanted to a washing machine and refrigerator industry which had chronic labour troubles, wafer thin profit margins and morale eroded by Italian competition.

The merger of Schreiber and GEC's British Domestic Appliance subsidiary (BDA) took place in August 1974 — a marriage which was greatly helped by the friendship between Mr. Schreiber and Sir Arnold Weinstock, chief executive of GEC. As a result of the merger a new company, GEC-Schreiber, was formed with Chaim Schreiber as chairman.

But the new boss's philosophy soon met scepticism and outright opposition from both management and unions. Managers were particularly worried that production would slacken as soon as employees were paid the same flat rate whether they worked hard or not.

At the same time the unions were supicious: Mr. Gordon Roberts, works convenor of Hotpoint's washing machine factory in Llandudno, explained: "I was not over-enthusiastic, simply because the proposal came from the company, and I thought we were being pressurised." But he adds: "I was wrong and Schreiber was right. I freely admit that now."

Profit sharing and the end of piece work rates were agreed by an 80 per cent. majority in a vote last year, and the scheme was introduced in September 1976. Although there have been no profits to share out in the last eight months, the scheme is still generally supported, Mr. Roberts says.

The first part of Mr. Schreiber's plan—to get the scheme accepted—cost him an enormous amount of effort and money and stretched his persuasive powers to the limit. The second and more important campaign—to make the scheme work—still lies ahead.

For Schreiber it was not just an argument about different methods of payment, but a battle for the hearts and minds of his workforce. First he brought coachloads of trade unionists and middle managers from the GEC factories in Llandudno and Peterborough to see how the Schreiber factories actually worked.

His message was simple, and in many ways not that new; workers who are treated generously and given respect will be more efficient. "A man is not just a worker: he is a father and a husband, and within his own sphere he is king of the castle, yet when he comes to the factory he is treated like a child. He is forced to clock on and off. But perhaps his own daughter does not have to go through this humiliating routine because she is a secretary in the same company and is treated as staff," he said.

"If the clock is abolished you have to arrive on time out of a sense of responsibility, and in Schreiber we do not have chronic latecomers."

Similarly, Mr. Schreiber thinks a man feels degraded if he has to sneak off to the lavatory to have a smoke. He has therefore provided carpeted, comfortable rest areas which employees can use whenever they like; he finds that the facility is not abused.

His fiercest passion, however, is aroused by the system of piece-work payments, which he thinks sap responsibility and encourage poor workmanship.

Chaim Schreiber and Hotpoint's new Stockport service centre.

He believes British white goods outsell the Italian imports only if they achieve a reputation for quality and are backed with efficient servicing. But piece work, he says, encourages people to work at high speed without worrying about quality.

"My attitude is based on trust and understanding. I trust the workpeople, because a man or woman who is not basically honest would not spend 40 hours a week within the factory gates. They would be in some other occupation altogether."

However, trust is not easy to generate in a factory with a history of suspicion and doubt. At Hotpoint's plant in Llandudno there was on average one dispute every week, mostly about piece work rates. Even though many were resolved without a stoppage, they contributed to poor industrial relations.

In this atmosphere the new works manager, Mr. Jim Mochan, was extremely worried about the Schreiber plans and the consequent effect on output. But Mr. Mochan was also discontented with the old piece work system which had caused so much friction since he joined the company in 1973 — so he decided to give it a try.

For the first two months production continued at its former momentum then, according to Mr. Mochan, it dropped 6 per cent. "Some people eased off their effort as they tried to see how much they could get away with." So Mr. Mochan called together the joint works council and explained that part of the agreement was that everybody would put in a reasonable effort.

The workforce quickly got the message. Full production was resumed within three or four days and has been maintained ever since, in spite of some mutterings about the lack of profit. However management and unions both know that the scheme's future success is finely balanced. With profit margins sliced to between 1 and 8 per cent., the slightest fall in productivity can have disastrous effects.

Schreiber's plan to gain the confidence of his workforce was nearly wrecked earlier this year when he signed a deal with Zanussi to import and market Italian-made washing machines and refrigerators under the Hotpoint brand name.

The unions were furious, particularly because the Zanussi machines were at the time substantially cheaper than those made in the U.K. But Schreiber calculated that if cheap machines were coming into the U.K. anyway, some of them should have the Hotpoint name on them. His gamble paid off. Retailers tended to push the more expensive machines, so that the Hotpoint factory is now on full production of 6,800 units a week and plans to increase to 10,400 a week next year as the result of a major investment programme.

Confidence has also been increased by the £10.5m. invested by Schreiber and GEC in Hotpoint in the last 18 months, and by further plans to pump in £20m. to £25m. over the next four years.

Now, for the first time this year, Hotpoint is beginning to move back into profit, which, in view of the difficult trading conditions, is being seen by the company as a sign of underlying strength.

BUSINESS PROBLEM

A benefit to employees

We have recently been informed by the Revenue that our company's BUPA contributions for the year 1974/75 and 1975/76 are assessable as benefits, though I understood that such contributions only became taxable in this tax year. As the company pays the whole contribution for certain employees, could you advise me as to the tax liability of the employees?

Under section 68 of the Finance Act 1976 (which supersedes section 35 of the Finance (No. 2) Act 1975 ab initio), BUPA contributions in respect of employees now give rise to a tax liability for every employee covered, regardless of his rate of salary.

For earlier years, lower-paid employees were not taxed on the benefit of BUPA cover provided at their employer's expense. Higher-paid employees and all directors (regardless of the rate of their remuneration), however, have been taxable on such benefits for many years, under what became section 196 (1) of the Income and Corporation Taxes Act 1970. Presumably the BUPA contributions in respect of the directors and higher-paid employees have been reported by the company on the annual forms P11D.

BY OUR LEGAL STAFF

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No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

BUSINESS LAW

The thorny path to equal pay

BY A. H. HERMANN

THE NUMBER of women taking the thorny path of litigation to achieve equality in employment with men as guaranteed by the Equal Pay Act 1970 and the Sex Discrimination Act 1975 indicates that they have little trust in the male-dominated machinery of industrial bargaining. However, as the Employment Appeals Tribunal stated recently though litigation can reach a theoretically correct answer in each individual case, it is unlikely to produce a coherent wage structure for general application in other cases. This seems to be a very reasonable view to take but it can be opposed by the equally reasonable argument that negotiations wil be much easier once the courts have clarified the statutory rules and the rather obscure question of their relation to EEC law.

Two recent decisions of the Employment Appeal Tribunal on further appeal to the Court of Appeal illustrate very well the problems with which many industrial tribunals are grappling at present.

Appeal

The first of these two cases to come before the Employment Appeal Tribunal was an appeal by Electrolux against a decision of the Bedford industrial tribunal that Mrs. A. Hutchinson and six other women assembly line workers were entitled to equal pay with men doing similar work. The Equal Pay Act provides in Section 1 (4) that a woman is to be regarded as employed on "like work" with men if her work and theirs is of broadly similar nature and there are no differences of "practical importance" between them. The industrial tribunal found that all the men and women employed on the Electrolux assembly line were doing broadly similar work, yet all the men were in a higher grade and all the 600 women except one in a lower grade with considerably less pay.

Electrolux argued that the men were under a contractual obligation to be available for additional duties and to do night shifts or work at inconvenient hours. The Employment Appeals Tribunal confirmed the view taken by the industrial tribunal in Bedford. The contractual obligations were less important than what happened in practice: how often the men had had to do other work and night shifts, or to come in on Sunday. The onus was on the employer to prove that the work actually done by the men justified the conclusion that there were differences of practical importance. Mr. Justic Phillips said that Electrolux failed to do so. The appeal would be dismissed.

Leave was given to appeal to the Court of Appeal and the court indicated that any appeal should be speeded up so as to give guidance to industrial tribunals which were confronted by an enormous number of outstanding claims.

Mr. Justice Phillips had more to say on this subject. There were 122 cases pending at Bedford and a further 105 cases where a claim had been made to Electrolux. The circumstances of the applicants were not the same. He felt that a better result could be achieved by negotiations involving current views and statutory provisions, and possibly with the help of the Equal Opportunities Commission. He said that production of a coherent wage structure lay beyond the Appeals Tribunal's competence and jurisdiction and could only be achieved by negotiation.

While the first case drew attention to where the dividing line should be drawn between litigation and negotiation the other case brought into focus the equally uncertain dividing line between U.K. law and EEC law on equal pay.

The second case concerned a complaint by Mrs. Carol Ann Amies, deputy head of the art department at the Christopher Wren boys' secondary school in London that she was passed over for the job of department head because she was a woman. The appointment of a male teacher to this job took place before December 29, 1975, the date on which the relevant part of the Sex Discrimination Act 1975 came into force and the first question to be decided by the court was therefore whether the appointment was a continuing act against which U.K. law provided a remedy.

The Appeals Tribunal decided that though the effects of an appointment were continuing, the appointment itself was not a "continuing act" and that the application of Mrs. Amies could not be granted under the Sex Discrimination Act. This obliged the tribunal to consider in some detail her claim that she had been wronged under EEC law which was directly enforceable in the U.K.

The Appeals Tribunal dismissed Mrs. Amies' appeal from a London industrial tribunal and held that EEC law did not provide her with a directly enforceable right not to be discriminated against because of her sex.

Directives

There is a council directive No. 75/117 which may or may not have some bearing on this matter. The question whether directives can or cannot be directly applicable may be quite clear to the Court of Appeal, but should it be doubtful it would have to refer the matter to Luxembourg.

Another argument with which the Appeals Tribunal dealt arose from the famous case of the Sabena air hostess, Miss Defrenne, which threatened to cause an upheaval in European industry should it be required to make up pay to women right back to 1962.

In a much criticised judgment the European Court proved that you can have a cake without being allowed to eat it. It ruled that the principle of equal pay as laid down by Article 119 of the EEC Treaty was directly applicable in the U.K. since January 1, 1973 (and since 1962 in the Six), but that only cases pending in courts on April 8, 1976, could benefit from this ruling. Mrs. Amies brought her legal proceedings on January 1, 1976, but her application concerned discrimination in appointment — not equal pay for equal work with which the European Court only dealt in its judgment.

Electrolux v. Hutchinson and others Times Law Report Nov. 12 1976. Amies v. Inner London Education Authority, Times Law Report, Dec. 2 1976. Defrenne v. Sabena, European Court Case No. 43/75, F.T. Law Letter, April 1976.

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WEDNESDAY, DECEMBER 15, 1976

Time for a new start

THE LATEST figures for overseas trade and industrial output could hardly provide a more apt commentary on the need for the measures which the Chancellor ought to introduce to-day. They show first that there is simply no practical alternative for the time being to a further large loan, and therefore to meeting whatever terms are attached to it. Far more important, though, they show up the total inadequacy of the existing strategies of deficit financing and sterling depreciation to get the economy moving again. The Chancellor has sought, he says, to stimulate the economy: but by pushing fiscal stimulus to the point where it is cancelled out by its own financial consequences, and transferring resources into the public sector until there is nothing left for investment and incentive, he has produced the worst possible result—an economy which no longer responds even to the opportunities created by our misfortunes.

More massive

The trade figures are sufficient commentary on the so-called Socialist alternative still urged by the trade unions, Labour's national executive, and by one or two ministers. They show not only that the current account deficit is still running at about 2½ per cent. of GNP, a gap which could be closed only by a deflation far more massive than any now contemplated, but that it has been caused not by a flood of consumer imports, but by the rising cost of essential supplies of food, fuel, industrial materials and machinery. The reduction which could be achieved by any conceivable import controls, even in the absence of retaliation, could not close the gap. For the time being borrowing is the only practical way either to protect sterling or to avoid turning stagnation into outright slump.

In the longer term, the balance of payments problem will become much less pressing, as we move towards self-sufficiency in oil; but unless this god fortune is to mean no more than the freedom to stagnate without further consulting the International Monetary Fund, it is hardly a prospect to revive confidence, enterprise and output. The real test of Mr. Healey's measures will not be whether they meet the terms imposed by our creditors, or even their effect on the borrowing requirement, but whether they are a credible first step in an effort to alter the whole direction of Government policy—an effort which must be extended through the White Paper on public spending to appear about the turn of the year and the Budget next spring.

If this seems too much to hope from the present administration it should be remembered that certain necessary and welcome steps have already been taken. Company taxation has been adjusted to allow for inflation, the Price Code has been relaxed, public expenditure now appears to be under far tighter control, and the Chancellor has publicly acknowledged that the present level of taxation on personal incomes is intolerable.

Important sign

This last is the most important sign of enlightenment; for Mr. Healey seems at last to realise why none of the rest of his measures has worked. The private sector, from the poorest wage-earner to the Board of the largest company, responds to incentives: these are the motive power and indeed the information system on which a free economy relies. Cuts in public spending are required not just to relieve the financial strains which the Government now appears to recognise, but to free resources for the growth of profits, investment and real wages: and that means a consistent, long-term strategy to halt and reverse the growth of current spending in the public sector—a strategy not of deflation but of liberation.

This transfer of resources is what the Government's own industrial strategy must rest on if it is ever to progress beyond wishful projections. The real test of what Mr. Healey has to say to-day is the extent to which he acknowledges this objective and starts on the road to achieving it.

What Britain can do in Rhodesia

MR. ANTHONY CROSLAND, the Foreign Secretary, claims that he is still optimistic about the chances of successfully concluding the negotiations on the future of Rhodesia. He may have grounds for his optimism, over and above the obligatory cheerfulness which is incumbent during any negotiation, just so long as that negotiation has not irrevocably broken down. But it cannot be said that the record of seven weeks of negotiations in Geneva is, on the face of it, very encouraging.

The main achievement so far has been a notional agreement on a target date of March 1, 1978, for the move to full independence under majority rule. This was predicated, however, on the assumption that there would be rapid agreement on the substantive issues relating to the interim government. On these the various delegations have put forward their differing points of view, but there has not, so far, been any real negotiation or any movement.

Mistrust

The slowness of the negotiations so far has been partly attributable to the divisions and disagreements between the four black Rhodesian delegations, partly to the profound chasm of mistrust which exists between the blacks and the whites. If there is to be a meaningful agreement in Geneva, there must first be a much greater degree of co-operation and co-ordination between the black delegations, and this will in turn depend very largely on whether the five front-line black Presidents are able and willing to bring them closer together. Since the front-line Presidents are themselves less than united, it is not obvious that they will be able to unite the black delegations in Geneva.

The one really significant shift that has taken place since the Geneva talks opened has been in the relative roles being assumed by the U.S. and Britain. Dr. Henry Kissinger played a crucial part in precipitating the holding of the negotiations, but while the U.S. will no doubt continue, even under the new Administration of Mr. Jimmy Carter, to take a close and active interest in the Rhodesia affair, it is from now on more likely to be as a friend of the court than as a central participant.

By contrast, the British government has moved a long way to acceptance of the demand put forward by all the black delegations, that the U.K. has a role to play in Rhodesia during the transition to full independence.

Direct role

Just how far the British Government would be prepared to go in accepting a direct role in Rhodesia is still unclear; this is doubtless one of the central points which Mr. Ivor Richard will be discussing during his three-week shuttle round suothern Africa after Christmas. But it is obvious that the options now being considered relate to an essentially civilian role, if only because of the black delegations has asked for a military presence. (Even if they had asked for a military force, Britain would have been in no position to provide it.)

It is debatable whether a civilian presence—for example a governor-general with his staff—could perform more than a purely moral role. At best, he would have the function of a chairman of a permanent negotiating committee, whose authority rests ultimately on his success in securing the co-operation of the two sides. He would certainly be in no position to impose his decisions.

Even if the Geneva talks were to end in agreement, the interim government would provide limitless opportunities for disagreement between whites and blacks, and the role of a British representative could only be ungrateful. But if it is accepted that the only contribution Britain can make is that of a moral arbitrator, it should also be accepted that his contribution can prove effective only if both black and white in Rhodesia genuinely want a peaceful settlement.

Why the British telecommunications industry needs shaking up

A root and branch cure for exports

By CHRISTOPHER LORENZ, *Electronics Correspondent*

Assembling a Plessey Pentex electronic exchange, the only British-designed public switching equipment exports of which are still increasing.

THE BRITISH Government is now studying a plan for a radical re-structuring of the telecommunications industry. The main purpose is to revive failing export performance, but to be successful it would also require major changes at home, including an end to competition between the Post Office's equipment suppliers, and possibly a merger between several of them—particularly the relevant divisions of GEC and Plessey. If adopted the plan could also lead to a takeover or gradual decline of ITT's telecommunications interests in Britain.

The plan was drawn up at the request of the National Economic Development Council by Sir Raymond Brown, Britain's former chief arms salesman at the Ministry of Defence, and—as founder of Racal Electronics—the most successful exporter in the British electronics industry. It is the first of a series on whether the application of Defence Sales Agency techniques could improve the exports of suppliers of equipment to the major nationalised industries.

Sir Raymond's study was considered briefly at last month's NEDC meeting—where the Prime Minister is said to have commented extremely favourably—but it is still unpublished. Its recommendations were reported in the Financial Times on December 4 and 6.* They will be examined to-day at the TUC by unions in the telecommunications industry. Then the study is expected to go before next month's NEDC meeting for further consideration.

Sir Raymond claims in the report that he has found general agreement among all concerned about the urgency and importance of the telecommunications industry's export situation, and an assent to his view that the best way of dealing with it "is to set up a new joint telecommunications export corporation, outside the Post Office, but involving them, the manufacturers and others concerned. . . ." That would definitely include the National Enterprise Board and the State-owned overseas consultancies, he suggests, but also possibly the Treasury, the Industry Department, and appropriate unions.

Sir Raymond could not have chosen a more suitable subject for his first report than teleco. munications. With by far the largest annual investment programme of any nationalised industry (over £900m.), PO Telecommunications could theoretically have a greater positive influence over its suppliers' export performance than could almost any other part of the public sector. It could especially help by the alignment of technical equipment specifications with those required in world markets—one of the main themes of all Sir Raymond's forthcoming reports.

The reality so far has been very different. Over the past 15 years the PO has harmed rather than helped the exports of its suppliers through a whole series of decisions—or lack of them—ranging from slow recognition of international technical trends to over-domination of its suppliers. These well-known shortcomings are itemised in the report, as is the fact that many were recognised in the late 1960s.

In spite of this recognition, many of the problems have still not been resolved. The P.O. and its suppliers made an attempt to do so over the last three years, in the formulation of completely new collaborative development arrangements for System X, the future electronic telephone exchange system "on which the industry's whole future depends," in the words of the report. On one of the most crucial questions of all, the P.O. made repeated public protestations that export criteria would be taken into full account in designing the system. But now, Sir Raymond says in his most damning single statement, "the Post Office and the main suppliers agree that the export strategy needed to guide the System X development programme is almost totally lacking. . . ."

Explaining the importance of public exchange (or switching) equipment to the industry as a whole, the report shows that it accounts for more than half of the industry's output (£253m. of £479m. last year). Over 40,000 of its 62,000 jobs are in switching. And it is switching which also dominates world trade.

The industry as a whole has been declining steadily in international markets for over ten years. In 1963, when it exported a quarter of its output, it was the world's leading supplier. By 1973 it had slipped to fifth place behind Sweden (through L. M. Ericsson), West Germany (mainly Siemens and ITT), Japan (several companies), and Belgium/Luxembourg (mainly ITT). Last year, only 14 per cent. of its total output was exported, with public switching the least successful in relative terms (8.5 per cent. of output), compared with a healthy 34 per cent. of transmission production which went overseas.

In the last two years international competition has further stiffened, with the emergence of several North American suppliers from their previous isolation; with Philips' growing international strength, and with a re-organisation of the French industry into two main groups (ITT now ranks a poor third), which have just set up a joint company to co-ordinate their export efforts, with considerable government and post office collaboration.

Sir Raymond Brown, the Defence Ministry's arms supersalesman from 1966-69, and new chairman of Muirhead.

All these competitors — including ITT — are in the process of developing equipment which will compete with System X on world markets in the 1980s; some claim already to have done so. But Sir Raymond's report reflects a growing anxiety that the planned time scale of the British programme will not be met, and that even then the equipment may not have a high export potential.

Severe management and labour problems caused by the current rundown of traditional exchange manufacture are an obvious burden, as is the hiatus caused by the P.O.'s sudden and repeated cutting of equipment orders. But it is clear that Sir Raymond's chief concern goes right to the heart of the industry's structure. "It seems clear that the fact System X is being developed collaboratively by companies who are otherwise in competition for business at home and in export markets" — both with current products and, on present plans, with System X equipment itself — "endangers the timescale of the development programme, has prevented the creation of a clear and agreed export strategy, and could later weaken the industry's ability to exploit System X in export markets," the report states.

A natural reluctance to pool export plans has been increased by STC's position as a subsidiary of the multinational ITT. Sir Raymond reports, though STC would deny that its ownership has had such an effect. He says STC's agreement to withhold System X information from the rest of ITT has not completely calmed the anxieties of the British-owned companies, GEC and Plessey.

If the two U.K. companies are less concerned about the participation in the System X programme of Pye TMC, a subsidiary of Dutch Philips, that is so because it is far smaller than STC, and because the terms of its participation have still to be defined.

The third main theme concerns the competition and lack of co-operation between the publicly-owned telecommunications consultancies—Cable and Wireless, International Aeradio, and Millbank Technical Services (Crown Agents). Pointing to the unified consultancies of Sweden and France, the report recommends a co-ordination of the three groups, with a view to a unified overseas consultancy using Post Office resources in the longer term.

After all the recent parliamentary criticism of Cable and Wireless, this proposal will be controversial enough. But the plan for a Telecommunications Export Corporation will provoke even more debate, particularly because of its implications for the whole spectrum of P.O.-industry relations. The new Corporation would initially concentrate on System X, Sir Raymond's report suggests—implying that it could gradually extend across the entire range of telecommunications products. The report does not suggest—as claimed elsewhere — that the Corporation should take over responsibility for System X development from the Post Office.

But it does say that one of the tasks of the Corporation would be "to ensure that the publicly-funded R and D and equipment design programmes are undertaken to specifications and requirements which are compatible with export requirements"—in other words, to exert strong pressure on Post Office decision-making.

Its other tasks include a co-ordination of British export selling activities for System X "where a joint approach. . . is desirable." For this to work, though Sir Raymond does not spell it out, would also require co-ordination of manufacture, or at least work-sharing between manufacturers.

This is where his export proposals become inextricably entwined with the industry's structure, and its relations with the PO. At the start of his report he argues that a national approach to exporting will necessitate "a considerable disclosure of commercially sensitive information by the manufacturers, such as information on costs and prices." Sir Raymond reports the companies concern that this "is incompatible with their (competitive) position in the home market."

Only in the middle of the report, and then obliquely, does he suggest how this dilemma should be resolved, when he says that competition at home will harm joint exporting efforts. The implication is that competition at home should be abandoned. This is a less outrageous suggestion than it appears when one recalls that there was no U.K. telecommunications competition before 1969, and that multi-million pound contracts for the latest exchange design, TXE 4, will continue to be placed on a non-competitive basis for several years to come.

Many of Sir Raymond's proposals are in line with those of the P.O. Chairman, Sir William Ryland, who in May called for a "unitary operation" between the P.O. and its suppliers on the home and overseas markets (see Financial Times of May 21). Since then, new cuts of P.O. orders have heightened the mood of urgency within the industry, so this time words could be followed quite quickly by action.

Sir Raymond's plan is fraught with difficulties, not least because of its implications for Pye and particularly STC. Here he suggests no specific solutions, but one obvious approach would be a take-over, either on the French pattern—where an ITT company sold out to the private sector — or by the State. As always in the electrical and electronics industries, it is GEC which has the necessary resources. Provided the deal did not require redundancies, it might be attracted by STC's strengths (in both research and manufacturing): one plus point here is that STC is ahead of GEC and Plessey in its shift to manufacturing electronic designs, and its labour run-down could be nearly complete by the end of next year.

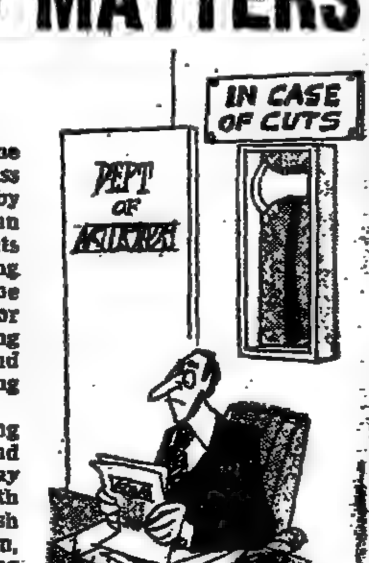
A less extreme though hardly uncontroversial alternative would confine STC to a very limited role in the System X programme, which would imply a run-down of STC from the early or mid-1980s, as System X equipment came on to the market.

Like Philips, ITT would argue that it has plenty of experience of treating its subsidiaries as national entities and allowing them to compete with each other. But it is arguable whether this is an efficient approach to electronic switching, where contracts are valued in billions of pounds.

It is possible that Sir Raymond's plan will stumble at a lesser hurdle than the might of ITT. But if something akin to his strategy is not adopted soon, there is every chance that the British telecommunications industry will lose for ever its position on the world market, and that its separate companies will eventually be forced to become very junior partners in a series of international alliances. Not only Britain's prestige, but employment and its electronic expertise would be the losers.

MEN AND MATTERS

Signing at High Speed



Harry Codd and Harry Clyne form an unlikely business double act. Codd, Hungarian by birth and accent, is chairman of GEC Transportation Projects and Clyne is the managing director. A lot of their time is spent scouring the world for new railway projects, involving a tricky blend of commerce and politics in the developing world these days.

The pair of them were among a trainload of bankers and Brazilian officials who yesterday were spirited to Newport, South Wales, and back on British Rail's new High Speed Train, surely the most unlikely setting yet devised for the signing of an international loan agreement. In this case it was a $200m. Euroloan, part of a package which will enable Brazil to build a new "steel railway" and electrify a couple of connecting links. The whole project is expected to cost nearly $500m., and British institutions, notably merchant bankers N. M. Rothschild, have played a key role in the financing.

The Euroloan complements a sterling loan of £127m. signed in Brasilia last week; money provided by a U.K. clearing bank consortium to help finance a £150m. contract won by GEC Transportation Projects. Under Clyne and Codd, this company will co-ordinate the supply from GEC subsidiaries of all manner of lineside and locomotive equipment, with BICC's Balfour Beatty group coming in with overhead wiring gear.

GEC is partnering the Brazilian Villares engineering group, a tie-up that the British company hopes will lead to other Anglo-Brazilian rail contracts inside and outside Brazil.

GEC Transportation Projects was set up in 1972 to chase just such contracts. The work took Codd to Hong Kong for the colony's new mass transit system, but things turned out better in nearby Taiwan, where GEC eventually won an $80m. order in connection with the modernisation of the important east coast route. Besides Brazil, GEC and British Rail are now seeking a major deal with Iran for the proposed Tehran-Tabriz line.

Codd and Clyne, the top end of a 30-strong team, talk enthusiastically of how even the dour Export Credit Guarantee Department (which guaranteed the sterling loan) had entered into the spirit of arranging the Brazilian railway operation.

The spirit of yesterday's rail-borne signing ceremony was an echo of N. M. Rothschild's dominant role in financing Brazil's early railways between the late 1850s and the last loan, of £11m., in 1913.

Director Leopold de Rothschild is an ardent train enthusiast, which Codd and Clyne reckoned cheerfully had much to do with the banks' smooth handling of the subject. BR's High Speed Train itself scheduled to achieve a maximum speed of 125 mph, managed 127 mph on the way to Newport. Lunch began as soon as the train headed back to London, and those bankers so used to a leisurely lunch were clearly unnerved at reaching Paddington before coffee was finished. Leopold de Rothschild examined his watch and beamed: the train completed the round trip five minutes early.

Fine tuning

With the worries of preparing to-day's mini-Budget out of the way, the Treasury Singers will presumably be relaxed and ready for their recital tomorrow lunchtime at St. James's Church, Piccadilly. Works to be performed include pieces by Benjamin Britten and Purcell, and among those by the latter is "My heart is inditing of a good matter." Sounds seasonably charitable, at least.

Pole posers

Poland is Britain's most lucrative market in the Communist world, but intrepid U.K. businessmen have lately found their capacity to get their tongues round the tricky Polish language stretched to the limit. For instance, from the business point of view, one of the most important Government people is the Minister in charge of economic planning, Tadeusz Wrzaszczyk, whose surname must be about the most daunting. Try pronouncing it Vzhashschik.

Until recently, there was scope for confusion caused by the fact that two other important figures on the commercial side, the minister of foreign trade and the minister of foreign affairs, were, respectively, Jerzy Olszewski and Stefan Olszowksi. Fortunately, Olszowski (foreign affairs) has been promoted to higher things in the party hierarchy: he has been replaced by Emil Wojtaszek, still a mouthful but at least obviously different.

Continuing confusion is liable to lurk between Olszewski (foreign trade) and Kazimierz Olszewski, the latter being the minister responsible for foreign economic relations. Important to be clear about them, because the trade man Olszewski is in London this week as part of a top-level Polish delegation led by the Prime Minister, Piotr Jaroszewicz (pronounce that Yaroshayvich).

Food posers

What is a Hi-Sex White? Who owns the Groovy Beverages business? And which U.K. company has an establishment at Thaba N'Chu? I must say immediately that I cannot supply the answers: they are in a questionnaire on the food manufacturing industry prepared by a firm of stockbrokers.

It is a harmless if slightly bizarre way for the firm to celebrate Christmas. The first three correct "or most nearly correct" entries from clients and "friends" will qualify for prizes of claret. Of course, City life has changed a lot in recent years, but not quite enough yet for brokers, James Capel, to ask entrants to complete a sentence on the lines of "I prefer buying food sector shares because . . ."

Do don't

My reporting the other day of a weird sign in a Tokyo hotel reminded a reader of the instruction which he saw recently in a hotel in Istanbul: "It is forbidden to do dirtings on the floor or to make rumours in the room."

Observer

SOCIETY TO-DAY

BY JOE ROGALY

This afternoon's vital test for Mr. Healey

ERE IS only one sure way judging the measures that Chancellor is preparing to ounce this afternoon. It is : if the net result is the nination of some jobs in the lic service, the measures will worthwhile. If the number central and local government ployees remains the same, measures will be of no real ue. If the numbers are likely increase as a result of what Healey proposes, he will 'e done even more damage our economy than he has naged so far.

't is even possible to place quantity on this method of gment. Take the number of l servants, local government ployees and the like at 2.5m.; that case every 25,000 jobs ed away this afternoon could seen as a 1 per cent. improve- nt. Try it another way: ime, partly for arithmetical venience and partly because is not too unrealistic an umption, that each one of se job represents £10,000 in epayers' or taxpayers' money nt each year—counting wage salary, the provision of office ce or tools for the craft awing board, for example), e use of telephone and tage, and work created for er employees. On this basis ry 25,000 posts cut would an £250m. saved. Multiply t by four—that is, cut the lic service payroll by a mere er cent.—and you have the n. in real cuts that is so en spoken of.

o much for the unreal world igh hopes. In the real world Government must start with aday's meeting of leaders of le unions representing more n 2.5m. public sector employees. The National Union of Public Employees was there, with the National and Local Government Officers' Association and the Civil and Public Services Association. You could tell such people that a cut of a mere 4 per cent. in the number of jobs available to their members could be achieved by simply putting a stop to further recruitment for a year or at the most 18 months, thus achieving the desired end without sacking a single person at present in work—but the answer is predictable.

The line is "no cuts," as shown by last month's rally, organised by these very unions. To be fair, they have already accepted some fall in recruitment this year, but their future programme includes what is by an astounding misuse of the English language called "industrial action." They propose national and local campaigns against reductions in what they call the "social wage"—that is, the wages paid to them out of the taxes paid by their fellow-workers. Their pathetically mistaken assumption is that they are somehow essential to our society.

Union support

I will return to the fallacy in this last assumption in a moment, but first consider whether the Government can fairly claim, if it does not cut public sector employment, that it has no power to do so because of the "social contract" or because there would be too much disruption of essential public services if NUPE, NALGO and co. were unduly provoked.

The hard truth about the "social contract" is that its continuing existence — assuming that to be desirable — depends primarily on the support of the big industrial unions. The leaders of those unions — Messrs. Jones, Scanlon and the rest — know perfectly well that their members would, if asked, prefer to pay lower taxes rather than finance the continued employment of their brothers and sisters in the town halls and in central Government. The question may not be put that way, but the feeling is there.

Similarly, any strike by, say, officials of the Home Office or, better, local government clerks, would in the present mood be greeted with derision by the ratepayers and taxpayers who employ them: a Government that stood out against such a strike would have widespread public support. In short, the public sector unions can make a nuisance of themselves, but they do not have real muscle.

They are driven, therefore, to the argument that we would be lost without the services of their members. It is at this point that their central proposition must be met head-on. There is an air of hypocrisy about the claims made by people from these unions that their first interest is the well-being of the poor, the sick, and the needy—for what has actually happened is that as expenditure on central and local government services for the less well-off has increased, a large proportion of it has found its way into the pockets of well-paid administrators, supervisors, chief executives, assistants, research assistants, principals, deputies secretaries, under-secretaries, chief officers, deputy chief officers, and that whole vast army of modern locusts that has settled so destructively on the British economy.

Ashley Ashwood

Public employees marching in protest against the Government's expenditure cuts.

There is no intellectually rigorous way of telling how many of them do useful work—in the form of providing services directly to those who need them —and how many do not, but there is plenty of evidence that suggests that the useless are a shockingly large fraction of the whole.

For example, last year many people pointed out the vast increase in the number of local government workers: the best arithmetic suggested a rise of some 800,000 between 1963 and 1974, taking whole-time equivalents of part-timers. It might have been thought that since this scandalous state of affairs became generally known, the authorities would have cut back. The sad reality is that between March, 1975, and June of this year our town halls took on something like 40,000 more employees (again, taking whole-time equivalents of part-timers). The figures for the March-June quarter do suggest a fall in the rate of increase, but we need a genuine and substantial decline in the total numbers every year for the next ten years if the damage is to be put right.

The unions naturally claim that the extra numbers represent extra work. They should tell that to would-be clients of personal social service departments, who see directors and administrators piled ten high in the offices but an apparent shortage of case-workers in hard-pressed districts. The National Union of Teachers, whose numbers are being reduced, should consider the harm inflicted upon its own members' interests by the expansion of the national corps of dinner-ladies over the past 15 years: the work is the same, but now that teachers decline to sully their hands, the money available to spend on them is relatively less.

The Civil Service itself is so adept at camouflaging its own growth that outsiders are obliged to rely more upon anecdotal evidence than they should. For the Civil Service Department's method of presenting statistics about itself is so disingenuous that were it not plain to everyone that they are all deeply honourable men one might suspect their motives. One device is to stop counting people "hived off" to the Manpower Services Commission or the Property Services Agency as civil servants; another is to load its main table of manpower trends with 34 footnotes—yes, 34—and a third method is for the very top civil servants to nag and nag and nag again until any Minister or Cabinet proposing cuts is too punch-drunk to persist.

And what is the anecdotal evidence? Anyone with a number of friends and acquaintances in Government service will hear of the extraordinary divide between the important few who work themselves to a frazzle, nights and week-ends included, and the disparate many, among whom an unknown number sit and wait as the files plop into their in-baskets with the lazy rhythm of fish rising on a hot summer's day. I know this to be true of the Treasury, and the Home Office, and the Department of Health and Social Services; many readers will know the rest for themselves.

Correlation

Or take the Health Service. It was the increase in the number of administrators relative to doctors and nurses that so intrigued the then Mr. Harold Wilson last year; on Friday one, Dr. Max Gammon, of the "St. Michael's Organisation" (which seems to me to be an anti-NHS medical group) will publish a report in which he sets out a "Theory of Bureaucratic Displacement." Some of the figures behind this theory have already been published by Dr. Gammon; they suggest an intriguing correlation between the increase in hospital staff and the decrease in the number of hospital beds occupied daily.

A stout defender of the NHS, such as the former Minister of Health, Dr. David Owen, would reasonably enough respond to such figures with indicators of increased output by the NHS such as services to the growing elderly population, the better expectation of life, the use of new medical techniques, and the increase in the number of particular treatments given. Yet between 1949 and 1974—before the recent reorganisation — "staff in regional headquarters rose about five times from 1,300 to 7,700 whole-time equivalents," Dr. Owen notes in his recent book, In Sickness and in Health. It is not particularly reassuring that he goes on to say that "Only about 60 per cent. of such staff were strictly administrative and clerical, the rest being doctors, architects, and so on."

For here, as where the numbers are much larger (in the hospital administrative service, for example) the nub of the problem seems to be that people who should be curing patients are filling in forms or managing offices. Dr. Gammon (whose idiosyncratic approach to presentation of his work needs to be discounted), suggests that the correlation between the growth in administratipe and clerical staff and the decline in number of beds occupied daily "is indicative of a change affecting hospital personnel in general in which bureaucratic activity and the bureaucratic mode of operation is displacing directly productive activity."

He can say that again, and about more than the NHS. There is no way of telling how many of the 2.5m. public servants I have used as a base for this comment (and that excludes teachers and the health service) are in fact serving their own bureaucracies, but since the quality of the service provided to the public does not seem to have improved as the numbers in post have risen the conclusion must be that it is a very high proportion indeed. Reducing posts may hurt NUPE, NALGO and the CPSA, but it need not hurt anyone else at all. We must wait until this afternoon to see whether the Cabinet has had the strength of purpose to insist on a real cut in the public payroll.

Letters to the Editor

Decline and fall

From Mr. A. R. W. Ashfield.

Sir,—Mr. Anthony Harris's observations on how Mr. Healey could redeem himself (December ...) quite dumbfounded your humble reader as indeed did his description of thrifty hardworking house owners, who have paid off their mortgages, as the "spoilt darlings of the system" (capitalist?).

Are we not already grossly overtaxed enough without it being necessary for Mr. Harris to conjure up visions of additional forms of taxation, irrespective of whether they were an inducement to cancel out other taxes?

It seems that financial writers, as well as governments, would do well to read, learn and inwardly digest Edward Gibbon ... thus discover how an empire crumbles when its rulers exchange prudent stewardship for profligacy. England's plight to-day springs from too many taxes—not too few. Too much overspending and not enough thrift. The will to work has largely deserted us because of State avarice and it will not be recaptured until a man is allowed to reap the just award of his endeavours.

Would Mr. Harris kindly tell us how to cut down to the tune of ...m. annually (for a start) and ...t taxes could be dispensed with or at least eased, at the same time. It is the only way.

A. R. W. Ashfield.
...ersham House,
Petersham Road,
Richmond Upon Thames.

Darlings of the system

From Mr. W. Gale.

Sir,—So Anthony Harris regards my wife and me as "spoilt darlings of the system" because we have worked hard and constructively all our lives in order to pay off the mortgage on our home.

Well, Mr. Harris, in return I regard you as just another of the ever-growing hoard of non-producing consumers, whose only contribution to the solution of England's troubles seems to be to seek further ways to justify robbing those who are capable of hard work and thrift—people who would be willing to continue adding to the real wealth of the nation well into old age if it were not for the knowledge that the Anthony Harrises of this world were not sitting on the edge of the pot ready to snatch every morsel of real wealth, knowing but not admitting, that nobody actually can live on the ration of journalists' politics.

W. Gale,
...Stream Park,
East Grinstead,
Sussex.

Resurrecting Schedule A

From Mr. K. N. Peters

Sir,—Anthony Harris is back again on his hobby horse of resurrecting Schedule "A" tax. In its old forms it was a tax on the less well off who had to do their own repairs and decorations. Their only deduction was the cost of materials whereas the better off were able to partly or wholly eliminate any liability to Schedule "A" by offsetting the full cost of materials and labour.

If I recall correctly the Schedule "A" tax did not produce a great amount for the Exchequer and its abolition was one of the few imaginative moves by post-war governments to reduce bureaucracy in this country.

K. N. Peters.
Woodside, Bears Den,
Kingswood, Surrey.

Philosophy of defeat

From Mr. W. T. Robinson

Sir,—Do we gather that like our successive post-war Governments, Mr. Anthony Harris also considers that thrift should be penalised? "A tax on the benefit of ownership would raise revenue from those who are really the spoiled darlings of the system—owner occupiers who have already paid off their mortgages . . ."

It is philosophies such as these which have contributed so much to our present malaise.

W. T. Robinson.
52 Oakwood Avenue,
Purley, Surrey.

The root of the problem

From the Managing Director, Fruin Securities.

Sir, — The Chancellor has recently intimated that negotiations towards solving the problems of the sterling balances are at an advanced stage; agreement "in principle" has been reached between the U.K. and a number of other industrial countries. Indeed, it is suggested that, if a "safety-net" can be provided by these countries, then the constant threat of withdrawal of balances will be removed and sterling will be stabilised, its position then being solely dependent upon Britain's economic performance. One is tempted to question the logic of this argument.

The recent weakness of the pound—and the running down of sterling balances by foreign holders — have, surely been occasioned by unfavourable overseas opinion about our economy, which is unlikely to change until Government policy is directed towards greater productivity and less public extravagance. Rarely, if ever, do depositors withdraw funds from a sound financial institution, especially when it offers attractive rates of interest.

The question of the sterling balances is a diversion from the real problems facing the country. If evidence of the action necessary to correct our economic imbalance were forthcoming, then sterling's rating in the foreign exchanges would look after itself. Even if the "safety-net" is successfully mobilised it is unlikely that the participating countries will ignore Britain's economic performance in the future and earmark their funds indefinitely, for an open-ended commitment. The thinking which has prompted the Government's pre-occupation with the sterling balances is similar to that which moved the Chancellor to remark, quite recently, that the fall in sterling was not connected with the "real economy."

G. I. Levine.
9, Castleton Drive,
Newton Mearns,
Glasgow.

Closed shops

From Mr. S. Alexander.

Sir, — Mr. Gore-Brown in his letter (December 8) says that because the Companies Act permits a company which owns 90 per cent. of the shares to compulsorily purchase the remainder he thinks a similar arrangement should apply to closed shops. He concludes by expressing the opinion that the legitimacy of any demand for a closed shop disappears if less than 80 per cent. of the employees are union members. May I suggest that Mr. Gore-Brown is wrong on both counts. I believe that in both cases the element of compulsion is wrong.

Many years ago a number of mergers took place. In two of them 11 and 17 shareholders refused to accept the offers made to them. The companies concerned were thus compelled to send typewritten accounts to the dissenting shareholders. In both cases the accounts were subject to some questioning — in one case unjustified. Nevertheless, some companies found this situation inconvenient and they joined with others in pressing for the 90 per cent. clause. Since then there have been mergers which have gone wrong and where the continued existence of minority shareholders could have resulted in exposures which might have saved disasters.

However inconvenient it may be to those who seek control over others, I believe that whether it is a closed shop or a company it is completely unjust that men should be compelled by majorities to surrender their liberty to do what they wish with what is rightly their own. It is often argued that in the case of trade unions it is unfair that those who do not belong should have the advantages believed to be achieved by those in a majority. Those advantages are not, however, received at the expense of those who put on the pressure for higher wages but at the expense of the companies concerned, and they, too, are entitled to do what they wish. The right to individual freedom is paramount and the convenience of organisations is not.

In the case of trade unions, at this time it is doubtful whether they can do anything more valuable than to consider whether or not it is better to have, perhaps, lower wages in good money that will buy something, or higher confetti currency wages that will buy nothing at all.

S. W. Alexander.
44, Speed House, Barbican, E.C.2.

Industrial democracy

From Mr. C. K. S. Eyre.

Sir,—Sir Leonard Neal (December 10) has a unique sequence of experience as shop steward, union officer, manager, public functionary and self-employed consultant. All the more reason to look closely at the assumptions his judgments imply.

The first assumption in his letter is that an economy which has much more than doubled material standards in real terms during the past 30 years has been "in secular decline."

The second is that the Department of Employment analysis he refers to is not research but propaganda to "minimise the impact of our strike record."

The third is that such exercises and the election or appointment of "worker directors" are costly and (presumably) bring no benefits.

A lot of people might disagree with one, two or all of these assumptions without being unduly prone to narrow, class-ridden prejudice.

C. K. S. Eyre.
Otways, Craggs Lane,
Belvedere, Kent.

Paying your own way

From Mr. P. A. Denison

Sir,—Mr. Roullier (Mortgage Relief, December 9) presents an interesting analysis of the difference in the nett income of a local authority tenant compared to a house owner with a mortgage after allowing for house expenditure. He bases his example on one particular set of assumptions which he presents as a definitive clarification. He is right to draw attention to the effect on nett income of such differences as mortgage payments, rent, and repair and maintenance expenditure but many of his statistical assumptions are open to question if presented as an average example. It is unlikely, for instance, that the average situation results in mortgage repayment equalling interest payment, moreover the level of mortgage tax relief taken in his example is not clear. On this basis he seems to exaggerate the income deficit of the home owner. On the other hand he almost certainly underestimates the non-capitalised repair, maintenance and improvement expenditure of the average house owner.

An alternative approach to examining the nett income effect of house expenditure on different forms of tenure is given in the document on housing improvement published last week by the National Home Improvement Council. With help from the Department of Employment they have analysed the Family Expenditure Survey data on house expenditure over the last five years. A detailed breakdown for such expenditure has been set out by them firstly as an average for all income groups for each tenure and secondly for a local authority tenant and a home owner with a mortgage, both having in the survey example a gross income in 1974 of £50-£60 per week. The conclusion reached is that in the case of the £50-£60 gross income group —after allowing for mortage tax relief to home owners—the local authority tenant spent 11.7 per cent. of his nett income and had £4 per week additional nett income compared to the home owner who in this income category spent 21 per cent. of his nett income on his house.

The average home owner incidentally spent £2.875 per week out of income on repair, maintenance and improvement (not £2 per week as indicated by Mr. Roullier).

Since the preparation of the report the 1975 Family Expenditure Survey has been issued. The N.H.I.C. have noted that the comparison in the £50-£60 income group has widened to £5 per week although the average percentage of income spent by all home owners has reduced and the amount they have been able to afford to spend on repair and maintenance has sharply reduced in real terms.

It is hoped by the N.H.I.C. that the considerable analysis they have set out on this and other aspects of housing improvement and expenditure will be studied and discussed by all those interested in getting at the truth about housing.

It is often declared that the home owner is in a better position than the local authority tenant because he has a realisable investment in his home.

I wonder which investment opportunity your readers would prefer? Five pounds per week invested each week at say 10 per cent. by the local authority tenant for seven years (the average length of time a home owner stays in his house before moving) would have a future value at the end of seven years of about £2,600. Would the house owner with a mortgage on a house costing him to-day £12,000, be able in seven years time to count on selling his present house, buying a new one and ending up with £2,600 extra cash?

P. A. Denison.
17, St. Peter's Square, W.6.

To-day's Events

GENERAL

Mr. Denis Healey, Chancellor of the Exchequer, announces economic measures and outcome of IMF loan negotiations.

Organisation of Oil Exporting Countries (OPEC) Ministerial conference at Doha, Qatar.

Labour Party National Executive meets.

Result expected of miners' ballot on early retirement.

CBI Council meets.

"Inflation Accounting—the Proposed Standard," a two-day conference sponsored by Financial Times and Investors Chronicle, opens at Royal Lancaster Hotel, W.2.

Mr. Piotr Jaroszewicz, Polish Prime Minister, begins three-day visit to U.K.

Jamaican general elections.

National referendum in Spain on political reform.

British Independent Steel Producers' Association annual meeting and lunch, Hyde Park Hotel, S.W.1. Guest speaker is Sir Charles Villiers, chairman, British Steel Corporation.

London Chamber of Commerce South East Asia section annual meeting, 69, Cannon Street, E.C.4. Guest speaker is British Ambassador to Indonesia.

PARLIAMENTARY BUSINESS

House of Commons: Second reading debate continues on Scotland and Wales Bill.

House of Lords: Debates on reform of highway inquiries; working party on dogs; and on direct elections to European Parliament.

Select Committees: Nationalised Industries sub-committee on Horserace Totalisator Board. Witnesses: Lord Wigg and Racehorse Owners' Association. Science and Technology sub-committee on Research and Development in Japanese Science-based Industry. Expenditure sub-committee on Planning Procedures. Trade and Industry sub-committee on Fishing Industry. Witness: Mr. Austen Laing, director-general, British Fishing Federation. European Secondary Legislation. Subject: EEC Passports.

OFFICIAL STATISTICS

Construction output (third quarter).

COMPANY RESULTS

CompAir (full year). Westland Aircraft (full year).

COMPANY MEETINGS

Beazer (C. H.), Bath, 12. City of Aberdeen Land Association, Aberdeen, 12.35. Low (William), Dundee, 12. Maxim Fashions, St. George's Hotel, W., 11. Muar River Rubber, Plantation House, E.C., 12.30. Samuel Properties, 100, Wood Street, E.C., 3. Sanderson Murray and Elder, Bradford, 12.15. Town Centre, Leeds, 12. Wood Hall Trust, Winchester House, E.C., 11.30.

COMPANY NEWS + COMMENT

Dobson Park improves to over £9m.

PROGRESS continued at Dobson Park Industries with pre-tax profit advancing from £8.03m. to £9.08m. on sales up from £70.85m. to £80.74m. for the 53 weeks to October 2, 1976.

The interim statement forecast that profits for the year would be higher than those for the previous year. During the second half total profits were slightly more than those for the first six months of £3.06m. (£3.67m. This was mainly due to favourable exports of Kango hammers and Petite mini-typewriters which offset some reduction of the U.K. mining machinery business.

The cash position improved by £3m. despite the effects of inflation on working capital and capital expenditure of more than £3.6m.

The directors say the present economic conditions, coupled with the uncertain effects of public expenditure cuts, rule out any forecast of profits for this year, but longer term prospects remain excellent.

The final dividend is lifted to 1.184p net (1.105p) per 10 share making the total for the year a maximum permitted 1.909p (1.736p). Stated earnings per share improved to 7p (6.6p).

The meeting will be at Manchester on March 1.

	1976 £000	1975 £000
Sales	89,633	78,421
Mining machy.	44,251	38,639
Engineering	18,266	16,797
Kango†	12,559	11,948
Industrial products	1,368	1,158
Property	924	671
Associates Overseas	779	731
Inter-divsnl. sales	8,911	7,373
Net sales	[illegible]	70,346
Profit	9,079	8,162
Mining machy.	3,562	2,817
Engineering	1,234	1,277
Kango	3,410	1,530
Industrial products	1,368	1,133
Property	702	549
Debenture interest	49	65
Interest received	54	*66
Pre-tax profit	9,084	8,029
Taxation	4,912	4,167
Net profit	4,172	3,862
Interim dividend	431	373
Final dividend	704	637
Retained	3,036	2,820

* Payable. † Includes Australian subsidaries sales £1.22m. (£1.19m.), profit of which included in trading profit of associated overseas companies.

● comment

Dobson Park has come to the end of its current growth phase. Profits have stuck at around the same level for each of the past three six-month periods. In the second half of last year, both turnover and profits were static. But this hid a mixed trend, for there were profits increases in all but the biggest division, with mining showing a fall of nearly a fifth as the NCB reduced investment at the coal face. Orders here are still continuing lower as NCB coal stocks remain high. The engineering side—whose profits are above the first half but still below the level of a year ago—is suffering from the flat trend in heavy forgings, offset to some extent by better exports of automatic weighing systems. So it was left to Kango and the industrial side to keep profits level. The group is now looking for acquisitions outside of the coal industry and overseas for future growth. Until then the shares at 37½p are adequately rated on a p/e of 3.2 and yield of 5.3 per cent.

HIGHLIGHTS

Guinness has performed substantially better than expected thanks to major growth overseas and something extra in the U.K. and Eire. In line with the other timber companies profits at **Montague Meyer** are sharply higher with reduced losses in the associates plus a big boost from stock profits while profits at **Stenhouse** (completing the Lex column) are also significantly higher despite a rather static year on the industrial side. For the third successive half-yearly period **Dobson Park** has shown nil growth with the major mining division holding back the other buoyant sectors in the group. Larger stocks of domestic fuels ahead of sharp price increases proved a major boost for **Cawoods** while a drive into the overseas markets has been the strength at **Record Ridgway**. **Arthur Lee** finished the year on a strong note and at **FMC** there is a substantial recovery helped by some streamlining of the workforce.

A. Lee upsurge in second half

AFTER a loss of £300,000 against profits of £358,000, in the first half, Arthur Lee and Sons finished the year to September 30, 1976, with pre-tax profits up from £1.39m. to £1.99m. Turnover improved from £42.24m. to £47m.

Earnings per 12½p share are 2.43p (1.68p) and a net final dividend of 1p lifts the total from 1.15p to 1.35p.

The directors say demand for the group's steel strip products is currently running at a satisfactory level and sales of the majority of other products are continuing at the improved levels achieved at the end of the financial year.

The group also manufactures steel bars, wire and wire rope.

	1975-76 £	1974-75 £
Turnover	46,997,000	42,243,000
Depreciation	800,442	591,374
Additional depreciation	625,300	393,930
Investment income	33,307	30,267
Share losses assoc.	229,265	4,619
Pre-tax profit	1,998,779	1,385,205
Tax	1,237,695	571,430
Minorities	277,492	160,411
Attributable	483,592	353,364

● comment

Adding back the £500,000 stock profits excluded from the first half results, 90 per cent. of Arthur Lee's 1975/76 pre-tax profits were made in the second half leaving the year as a whole up 44 per cent. This was despite dramatically heavier losses at the Belgian steel stockholding subsidiary (£230,000 against £5,000). Losses are likely to continue there this year though at a lower level. Apart from stock profits, the picture elsewhere was a gentle climb out of recession. Thin strip, the most depressed at the beginning of the year, is showing prospects of increased output, but bright steel bars, and steel wire, seem to have reached a plateau. With higher debtors the overdraft is substantially up on last year's £2½m., but the cash position still looks comfortable enough for Lee to chase another acquisition to replace Tonksley Investments now with Capper Neill. At 14½p the p/e ratio is 3.6† and the dividend yields 13.4 per cent.

Cawoods up 36% at halfway

TURNOVER for the six months to September 30, 1976, of Cawoods Holdings increased by 20 per cent. to £84m., reflecting price increases in coal and oil and some increased volumes in solid fuel, sand and gravel and building materials, while pre-tax profit was up by 36 per cent. to £2.45m.

With profits in October and November ahead of last year's figures, if the weather in the remaining months is favourable for fuel demand with no untoward interruption in coal supplies, the directors look forward to another satisfactory year's result, says Mr. E. Binks, the chairman. Profit for the year to March 31, 1976, was £5.04m.

The interim dividend is effectively raised from 0.7915p to 0.87p net per 25p share. Last year's total was equal to 3.087p.

	Half-year 1976 £000	Half-year 1975 £000	Year 1975-76 £000
Subs. turnover	72,439	64,495	147,296
Share associates	11,492	3,083	11,235
Total turnover	83,931	68,584	158,461
Trading surplus	2,884	2,179	3,791
Share associates	136	162	224
Deprecn & amort.	893	581	1,288
Interest received	376	181	365
Investment income	14	12	24
Loan stock interest	65	66	131
Profit before tax	2,452	1,808	5,035
Taxation	1,312	968	2,848
Minority interests	30	—	17
Extraord. credits	33	*17	122
Net balance	1,163	823	2,492
Pref. dividend	1	1	6
Ordinary	265	158	729

* Debits.

There were higher profit contributions from all sections except road materials; further improvement in the group liquid position and higher interest rates provided a significant increase in interest received, says Mr. Binks.

User economies and the remarkably hot summer and autumn following a very mild winter affected sales of domestic coal and oil fuel and coal exports continued at a low level. Current stocks of coal and oil fuel at £4.2m. are approximately the same as last year.

In building and road materials the company retained its market share of the reduced national volume of trade and had the benefit of a full half year's figures from the Northern Ireland builders' merchants and timber importing businesses.

Container shipping services, folowing the sale of the Irish Sea through service last June, made a useful contribution as did refractories where the sales volume improved in the later part of the half year. Steady progress was maintained in the packaging division.

● comment

Cawoods's 36 per cent. rise in interim profits looks a creditable performance considering the cost escalation and poor domestic demand experienced by the solid and oil fuel sector recently. Cawoods was better placed than most in that its strong cash resources—currently well ahead of the £4.7m. in the last accounts—allowed it to build stocks up well ahead of the sharp price increases. Elsewhere, the growth reflects a turnround from losses and a better showing in builders merchants which must have been boosted by some £150,000 from an acquisition. Road building materials suffered a profits downturn in the first half which seems certain to accelerate in the second six months. However, domestic fuel sales are starting to pick up and industrial demand has remained strong. So, with a further increase in interest receivable also on the cards further growth is probable. This means that a prospective yield of 8.8 per cent. at 79p should be adequately covered.

Burtonwood first half advance

TURNOVER for the half year to September 25, 1976, of Burtonwood Brewery Company (Forshaws) increased from £4.13m. to £4.75m., and profit advanced from £530,340 to £624,057, subject to tax of £323,000 (£276,000). For the year to March 27, 1976, turnover was £8.11m., and pre-tax profit £1,003,288.

Trade during the six months reflected the summer weather, though the ever rising cost of duty, materials and services curtailed the growth in profits, says Mr. R. I. Gilchrist, the chairman.

Prospects, he says, are dependent on the recovery of the economy and a consequent reduction in unemployment. They could be aversely affected by any increases in beer duty and VAT which may be imposed in the immediate future.

The company should marginally improve its trading position by the acquisition of five licensed houses in the Greater Manchester area which is at present being negotiated.

I. C. Gas up £1.1m. halfway

A RECOVERY in pre-tax profit from a depressed £131,000 to £1,276,000 is reported by Imperial Continental Gas Association for the half year ended September 30, 1976. Sales climbed from £37.12m. to £43.7m. and a midway net loss last time of £150,000 became a net profit of £293,000.

Half-year results do not, however, provide a guide to the probable results for the year. In 1975-76 full-year profit was up at £14.79m. on higher sales of £39.09m.

The interim dividend is raised to 3.5p net (3.12p) per £1 share. The total for last year was 7.98135p.

	Half year 1976 £000	Half year 1975 £000
Sales	43,701	37,122
Depreciation	3,058	2,912
Investment income	104	114
Interest received	318	[illegible]
Bank interest, etc.	323	849
Pre-tax profit	1,276	131
Taxation	983	281
Net profit	293	†150

† Loss.

The pre-tax loss of the Imperial Continental subsidiary Calor Gas Holding was reduced from £430,000 to £229,000 for the six months to September 30, 1976.

The directors state that unless the winter is exceptionally cold it is doubtful whether the company will show an improvement on the previous full-year profit of £8.26m. on sales of £99.05m.

The tax charge for the half year was £220,000 (£50,000) leaving a net loss of £449,000 (£480,000).

The present indications are that the share of earnings of the Belgian subsidiaries, together with the proportion of UNERG earnings will, in terms of Belgian francs, be greater than for previous year, say the directors.

In the U.K. the transport and engineering divisions, together with the Irish businesses, all showed improvements over last year.

The fertiliser business continued to make a loss and the decision has been taken to withdraw completely from these operations at the end f the forthcoming season. This will give rise to some termination costs.

Results of Pro-Sil in the U.S. continue to be disappointing and exposure there has been reduced by disposing of part of the assets at book value.

● comment

Imperial Continental Gas's interim profits are no real guide to the outcome for the full year since the Belgian dividends are not paid until the second half as is demonstrated by last year's half yearly profit split of £0.13m. and £14.7m. As it is the bulk of the improvement reects a drop of close to £1m. in the net interest charge subsequent to last year's rights issue. Calor Gas, which ships in roughly a third of profits is feeling the pinch on margins and is unlikely to show much improvement on last year's £3.6m. However, the Belgian prospects are considerably brighter. Last year's dividend freeze looks like being replaced by a 8.5 per cent. maximum permitted increase. In addition, sterling has dropped by roughly a fifth against the Belgian franc since March, which will give a useful boost to earnings. Though the shares closed 8p lower at 306p last night, they have risen by well over a fifth since mid-October. A prospetcive yield of 4.4 per cent. may limit the scope for further growth in the short term but with the Petrofina and Unerg stakes worth around £100m. against a total market capitalisation of £120m. the shares have plenty of backing.

Lighting & Leisure

Mr. Norman Davis, chairman of Lighting and Leisure Industries, told the annual meeting that there would be "a reasonable progression of profits for the current year despite the country's general difficulties, provided there were no further major changes outside the company's control."

Recovery trend for FMC

A RECOVERY in pre-tax profit from £205,000 to £1,129,000 is announced by FMC, Europe's biggest meat group, for the 24 weeks to October 16, 1976.

According to the directors the results for the full year will be materially better than last year's depressed £918,000.

Once again they have decided to defer dividend payment until full year profits are available—in the absence of unforeseen trading reversals it is intended to pay more than last year's 2.5p net.

First half results exclude the contribution from the New Zealand subsidiary which, they report, is trading satisfactorily. These results will be consolidated at year-end.

A major factor in the improved first-half performance is the action taken by management in the past 12 months to streamline and rationalise production throughout the group, the directors say.

The fresh meat division suffered from problems created by the unprecedented hot, dry summer and a substantial fall in the national kill of cattle. Consequently profits of this division are lower than last year. Results of the poultry and by-products divisions have been satisfactory.

Despite the heavily subsidised competition in bacon, hams and canned meats particularly from Denmark and Holland, the Harris Products division (formerly known as Marsh/Harris Group) has, as a result of substantial reorganisation, turned round into a profit, albeit unsatisfactory in relation to the resources employed.

"We take the view that trading conditions over the last half of the year will be even more difficult but we believe that the measures taken and will continue to take will enable the results for the full year to be materially better than last year," the directors add.

	24 weeks 1976 £000	24 weeks 1975 £000
Turnover	194,316	159,945
Associate losses	29	26
Pre-tax profit	1,129	205
Tax	587	107
Net profit	542	98

● comment

FMC's more than fivefold increase in interim profits on a turnover rise of just over a fifth is mainly the result of streamlining operations: more than 1,000 redundancies have reduced the workforce to around 9,000 without any adverse impact on output. There was an all-round improvement in profitability, the most dramatic of which was at Marsh Harris, where loss makers were cut out. Further improvements are envisaged in a five-year plan that will require fairly heavy capital investments. For this, medium term loans are to be raised while at present the debt: equity ratio is about 63 per cent. The need for retentions will probably put a damper on full dividend restoration to 5p. A dividend of say 3p already covered by 1½ times interim profits would produce a yield of 12.8 per cent. at 36p. Clearly, the market is not expecting much more against a background of continuing fresh meat shortages and competition against Continental subsidies on ham.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Beechwood Constrn. int.	0.5	Feb. 8	0.5	—	1.66
Berjuntai Tin int.	150‖	Jan. 25	70	—	150
Black Arrow int.	0.3	Feb. 3	—	—	0.4
Bridgewater Inv.	0.32	—	0.35	0.32	0.35
Cawoods int.	0.87	Feb. 11	0.79*	—	3.07*
City of Dublin Bank	1.35‡	—	1.18	2.25	2.0
A. Cohen int.	1.72	—	1.57	—	4.46
Dobson Park Ind.	1.18	Mar. 4	1.11	1.91	1.74
Doornfontein int.	5††	Feb. 8	30	—	55
East Driefontein	40††	Feb. 8	45	75	75
Arthur Guinness	4.12	Feb. 11	3.75	6.28	5.71
Haslemere Estates int.	0.95	Feb. 9	0.9	—	2.66
Imp. Continental Gas int.	3.5	Mar. 28	3.12	—	7.98
Inch Kenneth Kajang int.	0.65	Jan. 29	0.33	—	1.21
Kloof Gold int.	15††	Feb. 8	25	—	47
K. O. Boardman Intl. int.	0.4	Feb. 7	0.4	—	0.88
Arthur Lee	1	Feb. 25	0.8	1.35	1.15
Libanon Gold int.	5††	Feb. 8	40	—	80
M. L. Meyer int.	1.3	Jan. 28	0.9	—	3.75
Moorgate Investment int.	1.0	Jan. 17	0.61	—	2.35
Phoenix Timber int.	2.0	Feb. 1	1.5	—	3.47
Property Holding int.	2.2	Jan. 21	2.0	—§	5.33
Record Ridgway	1.83	April 1	1.66	3.04	2.76
Serck	1.41	Feb. 11	1.39	2.41	2.19
Stanhope General int.	0.9	Jan. 26	0.85	—	2.42
Stenhouse Hldgs.	2.13†	Apr. 14	1.93	3.63	3.3
Trans-Oceanic Trust	2.7	Feb. 11	2.6	4.2	3.65
Utd. Brit. Securities int.	2	Feb. 11	2	—	6.85
United Spring	0.88	—	0.76	1.3	1.18
Ward and Goldstone int.	1.05	Feb. 14	1.05	—	4.87
West Driefontein int.	135§	Feb. 8	190	—	335

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross. § 5.852p expected. †† South African cents. ‖ Malaysian cents gross.

Beechwood first half downturn

A fall in pre-tax profits from £235,114 to £195,641 is reported by Beechwood Construction (Holdings) for the six months ended September 30, 1976, but overall, the directors are more optimistic about the second half.

The net interim dividend is held at 0.5p per 10p share—last year's total was 1.663p from pre-tax profits of £588,297.

Mr. I. S. Scott-Maxwell, the chairman, says the lower first-half result reflects the depressed state of the construction industry and the increasing difficulty of finalising accounts quickly in present economic circumstances. In addition, margins have been thinner in engineering fabrication at a time when the group is moving towards more sophisticated production.

However, business has been very good in the well drilling and pumping sections, he says.

	Half-year 1976	Half-year 1975
Turnover	3,782,479	3,171,238
Profits before tax	195,641	235,114
Tax	100,341	122,500
Net profit	95,300	112,614
Minority loss	533	*17,434
Attributable	95,833	95,180
Dividend	30,735	30,735

* Profit.

Chaddesley Investments

Chaddesley Investments, the property development and investment and finance group, has entered into an agreement for Portman Estates, a company within the Schlesinger group, to provide property and financial management services. The agreement is to run initially until March 31, 1978.

The arrangement replaces a similar one that Chaddesley had with Glen Anil Development Corporation, a South African company. Glen Anil also had an option to acquire, at a price of 8½p per share, one half of Compagnie Auxiliaire Pour L'Industrie's (CAPI) holding in Chaddesley, which at present amounts to around 47 per cent. This option has now been cancelled, thus severing the links with Glen Anil. The new agreement with Portman Estates does not include a share option.

CAPI, which orginally bought a 46.6 per cent. holding in Chaddesley at the beginning of 1976, from First National Finance Corporation, is to strengthen its representation on the Chaddesley Board with the appointment of Mr. A. W. Aronsohn and Mr. C. W. Holden. Mr. D. Ellman, chairman of Chaddesley, already represents the CAPI interests.

Mr. D. A. Rubenstein has resigned from the Board of Chaddesley.

A. Lawrie Factors increase

Alex. Lawrie Factors, a subsidiary of Lloyds and Scottish, announces a £6.3m. increase in debts factored to £71.8m. for the year ended September 30, 1976. Trading profit is £423,496 for the year against £279,807 for the nine months to September 1975, with after tax profits reaching £206,081.

In the annual report, the directors say the last quarter saw factored turnover rise sharply, with September setting a new record for debts assigned to them. October and November have followed the trend with sharply increased activity among existing clients and an intake of new clients which exceeds earlier expectations.

At September 30, the company had 225 (196) client companies, with activities ranging across a broad spectrum of British industry in a turnover range between £50,000 and £7m.

The directors still find it hard to discern a sound basis for steady growth within the economy but feel that Alex. Lawrie is prepared for such growth. Following the acquisition by Lloyds and Scottish in November 1975, 1975-76 has seen further streamlining of systems and services to clients in readiness for any improvement in the British economy.

ISSUE NEWS

Yearlings down to 13 7/8ths%

The coupon on the local authority yearling bonds has been lowered to 13⅞ per cent. this week, compared to 14 per cent. previously. The bonds are due on December 21, 1977 at par.

This week's issue are: Gwent County Council (£½m.), West Somerset District Council (£½m.), Wigtown District Council (£½m.), Tweedale District Council (£½m.), Kirklees Metropolitan Borough Council (£½m.), Rushcliffe Borough Council (£1m.), Alnwick District Council (£½m.), City of Durham (£½m.), Stroud District Council (£1m.), Rugby Borough Council (£½m.), Midlothian District Council (£½m.), Inverness District Council (£½m.), Borough of Scunthorpe (£½m.), Lancashire County Council (£½m.), Borough of Milton Keynes (£½m.), Kennet District Council (£½m.), Borough of Rossendale (£½m.), Metropolitan Borough of Calder (£½m.), Ynys Mon-Isle of Anglesey Borough Council (£½m.), Metropolitan Borough of Stockport (£½m.), Charnwood Borough Council (£½m.), Chelmsford Borough Council (£½m.), Congleton Borough Council (£½m.), Dartford District Council (£½m.), Tonbridge and Malling District Council (£½m.), South Yorkshire County Council (£½m.), Borough of Chesterfield (£½m.), City of Dundee District Council (£½m.), Metropolitan Borough of Sandwell (£½m.), West Wiltshire District Council (£½m.), London Borough of Barnet (£1m.), Bolton Metropolitan Borough Council (£½m.), City of Bradford (£½m.), East Devon District Council (£½m.), Erewash Borough Council (£½m.), Forest Heath District Council (£½m.), Greater Manchester Passenger Transport Executive (£½m.), London Borough of Greenwich (£1m.), Peterborough City Council (£1m.), Teignbridge District Council (£½m.), Woodspring District Council (£½m.).

Serck £2m. ahead to record £7m.

ON SALES some £9.8m. higher at £67.9m., pre-tax profits of Serck advanced from £5.03m. to a record £7.06m. for the year to September 30, 1976 after £3.17m., against £1.85m. for the first half.

Full year earnings are shown to be up from 8.1p to 9.3p per 25p share and the dividend total is lifted from 2.188p to 2.4068p net with a final of 1.4068p.

	1975-76 £000	1974-75 £000
Group sales	67,900	58,100
Profit	7,193	5,925
Interest charges	137	891
Profit before tax	7,056	5,034
Net profit	3,584	2,741
Interim dividend	354	245
Proposed final	540	533

The directors say the group has done well in a year of slack demand. Output in real terms has fallen from the levels experienced in 1975 and business outside the U.K. has been particularly difficult.

Liquidity has again improved and the group has already embarked on a substantial programme of investment in plant and facilities. Also, the financial resources now make it possible to look further afield in expanding interests.

There is no discernible trend in world economic activity and markets in general remain uncertain members are told. Nevertheless, Serck has made a promising start and expects to give a good account of itself in the current year.

At the year-end assets employed stood at £33m. (£27m.) and cash and deposits less borrowing at £1.1m. (borrowing less cash and deposits (£2.1m.).

The group manufactures heat exchangers and valves, control equipment, vehicle exchange parts, etc.

● comment

The year-end results at Serck, which include £600,000 from currency exchange gains, are £1m. better than half-time expectations. Surprisingly, exports have not provided the boost this time: they are, in fact, down from £11.5m. to £11.2m., but the downturn is made up by subsidiaries overseas, particularly Germany. An 85 per cent. drop in interest charges, with year-end cash balances of £1.1m. against last year's net borrowings of £2.1m., is a major factor. Valves are still the most important side of the business, generating over £30m. sales against the £20m. or so from heat exchangers and the £10m. from £13m. from services. Only the tubes division continues to do badly. Nevertheless, the factories are working at only 75 per cent. capacity and there is a drop in the number of incoming orders. But with the cash now being generated and the lack of any borrowings, the company is likely to be on the acquisition trail this year. The dividend, covered nearly four times, yields 9.3 per cent. on a share price of 41½p.

Ward & Goldstone improves

SALES of Ward and Goldstone improved from £17.69m. to £23.37m. in the half year ended September 30, 1976, and pre-tax earnings were up from £0.93m. to £1.02m.

The net interim dividend is held at 1.05p. The total in 1975-76 was 4.865p from pre-tax profits of £3.44m.

The first-half profit is struck after depreciation of £717,... (£616,500) and £16,000 (same) transfer from investment grant account. Tax charge is £521,... (£431,730).

The group makes insulated wires and cables, electrical and plastics accessories.

Smith & Nephew progress

SALES FOR the 40 weeks to October 9, 1976, of Smith and Nephew Associated Companies increased from £90.79m. to £109.98m., and pre-tax profit advanced from £8.55m. to £9.25m.

At the 24 weeks' stage sales were £48.55m. (£37.51m.) and pre-tax profit was £5.45m. (£4.65m.).

Profit for the year 1975 was £11.82m. on sales of £118.86m.

	40 weeks 1976 £000	40 weeks 1975 £000
Sales	[illegible]	[illegible]
Interest charges	2,437	2,541
Pre-tax profit	9,250	8,550
Taxation	4,440	3,936
Net profit	4,810	4,620
Minorities	33	32
Attributable	4,777	4,588

The company manufactures surgical, medical and sanitary products, toiletries, etc.

● comment

The growth of quarterly pre-tax profits at Smith and Nephew continues to increase, with the last four quarters showing improvements of 1.3, 9 and now 12 per cent. The two divisions in trouble, cosmetics and plastics, have done rather better although considerable losses in America on the cosmetics side are continuing. Taking the nine months as a whole, turnover is up 21 per cent. but earnings only 4 per cent. Pressure on margins in sanitary products is intense and some of the main countries of operation have introduced or strengthened price control this year. The tax charge is increased by unrelieved losses overseas and a greater portion of profits in high tax countries. Nevertheless, it is worth remembering that profits from overseas are translated at average rates and would be much better if current rates were used, Australian devaluation notwithstanding. Progress should continue for the full year but the rate of it still seems disappointing. The prospective yield on the shares at 38½p is 8.4 per cent.

MITCHELL SOMERS

The directors of Mitchell Somers have been advised by the Treasury that the dividend for the current year can be increased from last year's 1.25p to 1.4p net per share. The company made a profit of £0.88m. in the half year to October 2, 1976 (as reported December 10).

First half recovery by Montague L. Meyer

FLECTING IMPROVED demand I rising prices, pre-tax profits timber merchants Montague L. yer recovered from £4.07m. to 30m. for the six months to otember 30, 1976, and the direcs say that despite peak interest es and a possible slackening demand, the full year figures uld be good. Profits for all 4-75 came to £8.18m.

'irst half earnings are shown be up from 4.5p to 6.1p per share and the interim divid is lifted from 0.9p to 1.3p costing £709,000 (£368,000). final is expected to be 2.57p make the maximum permitted 'p (3.75p).

	Six months 1976 £000	1975 £000	Year 1975-76 £000
over	105.000	70.800	165.000
ding profit	11.030	6.323	14.853
reciation	1.140	913	2.043
rest payable	[illegible]	1.542	3.770
e assocs' loss	290	—	893
it before tax	7.661	4.870	8.182
ation	4.110	1.930	3.975
profit	3,551	2,140	4.387
orities	-193	154	251
ilable	3,258	1.986	4.036

'he directors report that the zer Venesta group, control of ich was obtained in October, 5, made a satisfactory contriion.

he share of half-year results associates consolidated for the t time. This includes a loss £1m. from The Hallam Group Nottingham (50 per cent.-ned) which is largely offset profits of £710,000 from the er associates.

See Lex

they are of the opinion that the net profit will show a satisfactory increase over the £91,415 for the year to March 31, 1976.

As known, pre-tax profit for the half year to September 30, 1976, was £126,954 (£68,041) and the net figure was £65,077 (£32,801).

Phoenix Timber upsurge

REFLECTING IMPROVEMENTS in softwood trading and rising commodity prices pre-tax profit of The Phoenix Timber Company Company expanded from £23,000 to £1,413,000 in the half year to September 30, 1976, and more than trebled the £440,000 for the year to March 31, 1976.

While the directors anticipate a downturn in profitability in the second half-year they believe that the full year's figures will prove satisfactory, says Mr. A. Gourvitch, the chairman.

The Norwegian associate, which manufactures chipboard, continues to operate at a loss and the Board considers its prudent at this stage to provide against the total cost of this investment of £148,000.

Earnings per 25p share for the half-year increased from 0.3p to 23p and the interim dividend is raised from 1.5 to 2p net. It is intended to pay the maximum permitted total of 3.817p (3.47p) for the year.

	Six months 1976 £000	1975 £000	Year 1975-76 £000
External sales	18,710	15,058	30,376
Group profit	1,798	613	1,562
Financial charges	385	602	1,122
Profit before tax	1,413	23	440
Taxation	738	12	267
Profit after tax	683	11	181
Preference div.	2	2	[illegible]
Applicable Ord.	681	9	180
Exchange losses	135	89	180
O'seas inv. provn.	*104	—	—
Extraord. credits	—	7	*168

† After tax relief of £64,000. * Debits.

City Dublin Bank peak £0.31m.

PRE-TAX PROFIT for the year to September 30, 1976, of City of Dublin Bank increased by 31 per cent. to a record £305,000, after £185,000, against £111,000 for the first half.

Earnings per 25p share advanced from 1.90p to 2.26p, and the dividend is raised from 2p to 2.25p gross with a final of 1.375p.

The improved results arose from a sizeable increase in business by almost all divisions of the bank, says Mr. T. Kenny, the chairman.

Trading in the present year will be difficult. "Nevertheless, we shall maintain our progress, subject of course to there being no further absurd legislation or regulations," he declares.

The chairman points out that the bank continued to operate throughout the Irish bank strike. By reason of the strike, the year end balance sheet figures suffered some distortion. Deposits reached almost £16m., while a high degree of liquidity was maintained throughout the year, the year end deposits were above average due to the strike.

Mr. Kenny stresses that it was not intended to keep so large a proportion of assets in cash but the loan demand from industry was at a subdued level. Industry, he says, will not borrow at prevailing interest rates which leave too little for profit of which one-half is then taken by the Government.

New lending on instalment credit terms increased by 80 per cent. to over £5m. Instalment debts outstanding are £5.5m.

Irish Bank of Commerce, acquired in June 1975, made a useful contribution to profits and has enlarged its acceptance credit business, while Waterford Penny Bank acquired last April, with deposits of £0.3m., earned useful profits having regard to its size.

Property Hldg. sees increase

PRE-TAX profit of Property Holding and Investment Trust increased from £596,000 to £824,000 in the six months to September 30, 1976, and Mr. Douglass Hewitt, chairman, expects not less than £1,750,000 at year end, compared with £1,256,000.

Earnings per 25p share for the first half were 3.37p (2.42p) and the net interim dividend is raised from 2p to 2.2p taking £262,000 (£238,000—a total of 5.852p (5.32p) is expected.

Proceeds from the sale of long leases of flats since March 31 last amount to about £1m. Contracts for further sales amounting to about £200,000 are outstanding.

As indicated the sale of Thorney Court site was completed in September and the net proceeds were placed on deposit with the company's bankers, thereby increasing these deposits to £2.5m.

An estimate of the cash flow until March 31, 1978, indicates a satisfactory surplus in relation to commitments already in hand and those contemplated.

	Half-year 1976 £000	1975 £000
Gross rental income	1,310	1,222
Other income	68	37
Admin., etc.	459	333
Interest paid	318	350
Pre-tax profit	824	596
Taxation	415	300
Net revenue	409	296

Trans-Oceanic lifts total to 4.2p

Gross revenue of The Trans-Oceanic Trust increased from £969,808 to £1,072,664, and the pre-tax figure was up slightly from £727 248 to £724 567 for the year to October 31, 1976.

Earnings per 25p share advanced from 3.97p to 4.33p, and the dividend is lifted from 3.63p to 4.2p net with a final of 2.7p.

	1975-76 £	1974-75 £
Gross revenue	1,072,664	969,808
Expenses and interest	345,097	242,559
Pre-tax revenue	724,567	727,248
Taxation	236,976	256,379

‡ Net asset value per share 180p (172p) and assuming full conversions 169p (179p).

Utd. Spring doubles to £0.63m.

BETTER than anticipated performance in the U.K. spring ision helped United Spring and el Group to more than double -tax profit from £301,000 to 3,000 in the year to September 1976, after £157,000 (£131,000) half way.

urnover for the year advanced m £13.07m. to £19.02m.

After tax of £355,000 (£167,000), profit is £278,000 (£134,000).

arnings per 10p share inased from 1.38p to 2.85p.

final dividend of 0.88p net kes a maximum permissible l of 1.30 p (1.182p), absorbing 7,000 (£115,000).

Mr. D. Westwood, the chairn, says the U.K. spring division formed better than had been icipated although the recession Europe had some effect on the ults of the Dutch companies.

'he steel division benefited m a modest increase in demand to the year end and pulled k some lost ground. High inases in the price of steel, however, has increased borrowings, adds.

Churchbury

The directors of Churchbury tates state that income will main at the current level for e remainder of the year, and

IMPERIAL CONTINENTAL GAS ASSOCIATION

Interim Statement

onsolidated Results (unaudited)	Half Year to 30.9.76 £'000	Half Year to 30.9.75 £'000	Full Year to 31.3.76 £'000
rnover	43,701	37,122	107,138
ding Profit	4,506	4,145	16,951
preciation	3,089	2,912	6,223
	1,417	1,233	9,728
ome from Investments	104	114	6,979
erest (net)	(245)	(1,216)	(1,916)
up Results before Taxation	1,276	131	14,791
ation	983	281	7,865
up Results after Taxation	293	(150)	6,926
ority Interests	45	31	81
ults attributable to ICGA	248	(181)	6,845

e consolidated results are those of the Association and its subsidiaries exding its Belgian subsidiaries.

gian subsidiary companies are not consolidated in accordance with the pensations granted by the Department of Trade.

erim Dividend

e Directors have declared an interim dividend for the year ending the 31st rch, 1977 of 3.5p per stock unit on the £39,608,726 Ordinary Capital Stock, ting £1,386,305 and payable on the 28th March, 1977 to stockholders on the ister at the close of business on the 18th February, 1977. The interim dividend l on the 29th March, 1976 at 3.12p per stock unit on £39,066,644 Ordinary ital Stock cost £1,218,879. The capital of the Association has been increased the issue of £541,863 Ordinary Capital Stock to holders of the Convertible secured Loan Stocks who exercised their conversion rights in September 6.

tes

e Directors cannot emphasise too strongly that the results shown for the year provide no guidance concerning the probable results for the year.

rt from income from General Investments, which is relatively insignificant, Association's investment income is derived from dividends from Belgian npanies, all of which are booked in the second half of the financial year. ent indications are that the Group share of earnings of the Belgian subry companies, together with the Group proportion of UNERG earnings , in terms of Belgian Francs, be greater than for 1975/76. Stockholders will ll that dividends in respect of 1975 were blocked at the previous year's and that transfers of profit to the United Kingdom were converted at an rage rate of exchange of B.Frs.75.3 to the £, compared with the current of exchange of B.Frs 61.25 to the £. The Belgian Government has presented Parliament a draft law which proposes, inter alia, that in normal circumstances dends in respect of 1976 may be increased by a maximum of 8.5% compared h the amount paid for the previous year: there is also a proposal that this it may be exceeded in exceptional circumstances. But it will be necessary to mine in detail the final text of the legislation, as approved by Parliament.

the United Kingdom subsidiaries, the Calor Group's turnover was 17% up the figure for the first six months of last year but trading profit increased only 5%, due mainly to continuing pressures on margins. This improvement urred after taking account of an adverse effect of £138,000 on operating lts due to the falling rate of exchange of the pound but does not take account exchange differences arising on revaluing overseas assets and liabilities, nly in respect of loans from an unconsolidated subsidiary company, at hange rates ruling at the end of September.

tonnage in Great Britain was slightly below that of the comparable period year, which included an unusually cold spring, but profit was maintained. nsport and Engineering Divisions and the Irish businesses all showed sfactory improvements over last year. However, the fertilizer business tinued to make a loss and the decision has been taken to withdraw completely m these operations at the end of the forthcoming season. This will give rise some termination costs. Results of Pro-Sil in the U.S.A. continue to be appointing and exposure there has been reduced by disposing of part of the ets at book value. Unless the winter is exceptionally cold, it is doubtful ether the Calor Group will show an improvement on the 1976 profit.

e value of gas and liquids sold from the Hewett Field by Century Power and ht Limited increased by 23%, with trading profits at £515,000 up by 22%.

mud Services Limited with a turnover of £333,000 (1975 £113,000) pro-ed trading profits of £70,000 (1975 loss £20,000).

e improvement in interest is largely a reflection of the rights issue, which ed £12,262,000 in October 1975, and high prevailing interest rates.

e charge for taxation has been calculated at the provisional rate of 52% but tain losses of overseas subsidiaries in the first half year, largely seasonal, do give rise to a corresponding tax offset.

MINING NEWS

Elandsrand issue on the way

BY KENNETH MARSTON, MINING EDITOR

THE WAY is being prepared for another sizeable rights issue by the Anglo American Corporation group's Elandsrand developing gold mine in South Africa's Far Western Rand. At present, 22.4m. shares have been issued out of the company's authorised capital of R8m. (£5.5m.) in 40m. shares of 20 cents. The capital is now to be raised to R11m. in 55m. shares.

Elandsrand points out that when this takes place the company will thus have 32.6m. shares in reserve. This will provide the necessary flexibility in fixing the terms of the proposed offer which seems likely to be made early next year.

Elandsrand is expected to reach production in 1981 at a cost last put at some R127m. (£87m.). The previous rights issue in October, 1975, was of 20m. shares at a price of R3 (currently equal to 207p).

The capital is largely held by Western Ultra Deep Levels, major shareholders in which are Anglo American, Amgold, Rand Selection and Gold Fields of South Africa.

The other holders of Elandsrand are Witwatersrand Deep and Western Deep Levels. There is thus a relatively small public holding at this stage in the embryo mine, the shares of which were 160p yesterday.

UNION CORPN. SHARE SCHEME

Some 2.39 per cent. of the issued capital of South Africa's Union Corporation, or 1.45m. shares is to be set aside for a share purchase scheme for senior (salaried) employees of the group. They will be offered shares on the basis of market prices, but will be permitted to sell them only in specified amounts over a period of from two to five years from the date of purchase.

The scheme carries little attractions to U.K. employees who face tax disadvantages as well as the payment of the investment dollar premium. Its main attraction is that an employee has ten years in which to pay the trustees of the scheme for his shares and, in effect, need suffer no loss in the event of the shares subsequently falling below his purchase price. Union Corporation were 215p yesterday.

Gold Fields' dividends

DECEMBER half-yearly dividends announced by the Consolidated Gold Fields group gold mines make a mixed showing. All are, of course, lower than those of a year ago, but West Driefontein's latest interim of 135 cents (93p) is rather better than expected as is the final of 40 cents (27.5p) declared by East Driefontein; the latter's total for 1976 is unchanged at 75 cents.

On the other side of the coin interims, each of 5 cents (3.4p), declared by Doornfontein and Libanon are below expectations. Venterspost, which is passing its interim payment, anticipates a "substantial" loss on operations for the six months to December 31.

The latest dividends, which are compared in the following table include an as-expected interim of 15 cents from Kloof.

	Dec., 1976 cents	June, 1976 cents	Dec., 1975 cents	June, 1975 cents
Doornfontein	*5	25	*30	60
East Drie.	40	*55	45	30
Kloof	*15	22	*23	30
Libanon	*5	46	*40	60
Venterspost	*Nil	8	*20	30
Vlakfontein	8	*7	10	10
W. Driefontein	*135	148	*180	273

* Interim.

AIDC aids Windarra

The latest calculations from Australia suggest that the state-owned Australian Industry Development Corporation is pouring $250,000 (£135,450) a week into the development of the Windarra nickel mine in Western Australia, jointly owned by Western Mining Corporation and the failed company, Poseidon.

The AIDC has apparently offered Western Mining $3.3m. (£2.17m.) over the next year to meet development costs. This is in addition to an undertaking already given to meet the share of development costs which would have been faced by Poseidon. The total cost of the development programme to the AIDC is put at between $5m. and $7m.

Already entrenched in the Windarra project as the principal creditor of Poseidon, the AIDC is becoming more deeply enmeshed at a time when its role and financial commitments are the subject of a critical review by the Australian Treasury.

Poseidon debts to the AIDC were last put at $23m. But the deeper involvement to which the AIDC is now committed ensures that any future buyer of Poseidon's stake at Windarra will take over a going concern. The development work involves the clearing of overburden above one of the nickel deposits and drilling to define further reserves.

The corporate structure of Windarra remains unclear. Although Shell, the international oil group, has made a tentative offer for the Poseidon stake and a further bid is expected from Homestake Mining of the U.S., the Poseidon receiver, Mr. Noel Buckley, has decided to call tenders from potential buyers.

Western Mining were 147p yesterday.

ROUND-UP

The U.S. arm of the Consolidated Gold Fields group, Azcon Corporation, has raised $24.4m. (£14.6m.) through a rights issue. As the underwriter Gold Fields increased its holding in Azcon to 88.7 per cent. from 84.7 per cent. before the issue.

* * *

The Board of Investment in the Philippines has approved Corop Mining Corporation's copper project on Negros Island. The venture will cost 421.3m. pesos (£33.7m.) and the mill will have an annual output of 43.47m. lbs of copper concentrates with gold, silver, molybdenum and pyrites as by-products. Preliminary marketing and technical agreements exist with Dowa Mining and Marubeni of Japan.

* * *

A booklet describing the activities of Consolidated Gold Fields is available from the company's secretary at 49, Moorgate, London EC2R 6BQ.

BIDS AND DEALS

DCM purchases German group

—DCM purchases German toy—Dunbee-Combex-Marx is to purchase certain assets of Schuco Group, the German toy manufacturers, from the liquidator. The sum involved has not been disclosed but is in "millions of Marks."

The acquisition includes the brand names, patterns, designs, moulds, machines and finished stocks of Schuco. Dunbee is inheriting no liabilities and no workforce, which has already been made redundant.

It is intended that some of the production of Schuco, which manufactures die-cast model cars, battery operated racing cars and radio controlled models, will be transferred to Hong Kong and Swansea where it is cheaper to manufacture.

Dunbee is acquiring only those parts that it wishes and it is probable that part of the business that is not required will be sold to Russia, thus reducing the Dunbee costs. The cash for the acquisition has been raised in Germany.

Mr. Richard Beecham, joint managing director of Dunbee, said yesterday that the Schuco Products "were good, almost to good. Schuco's present problems stem from not keeping up-to-date with current production and management techniques." He said that he expected the Schuco interests to break even in 1977 and to produce "six figure profits" the following year.

Mr. Beecham also revealed that Dunbee's projected turnover for 1978 was in excess of £60m. against £39m. in the previous 12 months.

WGI INCREASES CHRISTY BROS. STAKE TO 28.6%

In a deal worth £141,270, WGI, engineers and manufacturers of refractory materials has bought 428,084 shares in Christy Bros. at 33½p from six shareholders, increasing its stake in the company from 2 per cent. to 28.63 per cent.

WGI, in which Trafalgar House has a 22 per cent. stake, has also acquired options from four of these shareholders and one other to buy a further 22.32 per cent. stake in Christy at 33p a share which are exercisable in full—and not in part only—at any time up to April 30, 1977.

Christy Bros. shares rose 5p to 27p on the news yesterday.

In July Christy Bros. were requoted on the stock market after a two-year suspension, opening at 18p compared with a suspension price of 95p.

In the year to March 31, 1976 the company made pre-tax profits of £111,175 and at the annual meeting the Board said it was confident that there would be a return to dividend payments in the current year.

In the previous year it had made a loss of over £½m.

EMI BUYS UP MINORITY IN NIKMAR ESTATES

EMI has bought the final 7 per cent. of the shares it did not already own in Nikmar Estates, the parent company of musical instrument distributors Rosetti (EMI). The purchase of all the Nikmar 6 per cent. Debenture stock has also been completed.

EMI bought 51 per cent. of Nikmar seven years ago and the latest purchase concludes EMI's commitment to acquire the remainder of the Nikmar equity over a period of seven years in 7 per cent. tranches.

In consideration for the latest transfer of Nikmar stock, EMI has allotted to the vendors 48,638 shares which will rank pari passu in all respects with existing EMI equity.

HAMILBORNE

Hamilborne, the investment holding company headed by Mr. Dennis Barkway, has sold its entire 20 per cent. holding in Automated Security. The shares were placed among a number of institutions by stockbrokers Greene and Co. in conjunction with Energy Finance and General Trust, another company of which Mr. Barkway is chairman.

The placing price has not been announced but the total value of the sale is understood to be in the region of £150,000. Hamilborne bought the stake around nine months ago for approximately £100,000.

C. & W. WALKER COULD PAY 10p

C. and W. Walker, the specialist engineering group, has obtained Treasury permission to increase its dividend to 10p per share in the event of the group receiving a formal offer from Berrybest, a subsidiary of private company Bespoke Securities.

Berrybest, which has held a 29.85 per cent. stake in C and W Walker since May, 1974, made an offer of 90p cash per share in October. This was rejected by the Walker Board which includes three Berrybest directors. The offer only becomes formal when the offer document is posted, which has so far not happened.

A spokesman for Hambros Bank, financial advisers to Walker, said yesterday that the dividend forecast had been announced following speculation in Walker shares which have risen by 9p over the past week to 112p.

HALLAM ACCEPTS BOOTS' OFFER

The Hallam Group of Nottingham (jointly owned by May and Hassell and Montague L. Meyer) is closing its loss-making cabinet factory at Eastwood, Nottinghamshire, in the New Year. An offer from Boots of £1m. for the lease of the factory, the plant and machinery and adjoining freehold land has been accepted.

As recently announced, they advanced loans of over £4m. to Hallam and have since converted £2.5m. of these loans into additional Ordinary capital. They will continue to provide the management and financial support necessary to ensure that Hallam returns to a profitable trading basis.

EMBANKMENT SCRIP ISSUE

A RESOLUTION to increase the authorised capital of Embankment Trust and a one-for-one scrip issue has been approved by shareholders at an extraordinary meeting. Stock Exchange listing for the new shares has been granted.

Acceptances to the offer made by Lazard Brothers and Co. on behalf of Whitehall have now been received in respect of 8.29m shares (91.2 per cent.) from 74.3 per cent. of the holders of the shares offered for.

Whitehall and its subsidiary owned 3.52m. Ordinary shares of Embankment (27.9 per cent.) before the offer was announced: it therefore holds now 11.81m. Ordinary shares of Embankment (93.6 per cent.).

Acceptances have also been received in respect of 8.29m Ordinary shares of Embankment which will be allotted under the capitalisation issue.

The offer has been declared unconditional as to acceptances and is therefore now unconditional in all respects. It remains open until further notice.

Stenhouse profit expands to £7.42m.

INCREASED turnover by its insurance broking and industrial interests and a jump in pre-tax profit from £4,980,000 to £7,422,000 is shown by Stenhouse Holdings for the year to September 30, 1976.

Industrial sales were up from £26m. to £31m. contributing £1.52m. (£1.48m.) to total profit in spite of difficult operating conditions. Insurance broking sales were £465m. (£338m.) and profit £12.47m. (£8.44m.) of which the proportion attributable to the company was 54.47 per cent.—equal to sales of £253m. (£184m.) and profit £6.8m. (£4.6m.).

The final dividend is lifted to 2.13p net (1.93p) per 25p share making a total of 3.63p (3.3p). Stated earnings per share improved from 7.31p adjusted for increased capital to 10.24p.

Scottish Western Trusts holds a substantial interest in the company.

See Lex

Boardman tops £0.6m. at midway

THE "SATISFACTORY result" anticipated by the directors of K. O. Boardman International for the half year to September 30, 1976, has turned out to be an increase in pre-tax profit from £515,408 to £611,532. Turnover was slightly down at £11.33m. against £12.03m. The directors expect the second half to show an improvement.

	Half-year 1976 £	1975 £
Turnover	11,323,000	12,037,000
Profit before tax*	611,532	515,408
Taxation	317,997	268,012
Leaves	293,334	237,016

* Includes BPT Leisure International £186,633 (nil) and Sydney Howarth £16,428 (nil) but after notional interest on purchase consideration £49,951 (nil).

Stated earnings are 1.22p compared with 1.07p, and the interim dividend is maintained at 0.4025p net per 5p share. The total last year was 0.87633p, when profits were £1.11m. The company operates as manufacturers and importers of ladies' and gentlemen's clothing.

A. Cohen over £1m. halftime

PROFITS, before tax, of A. Cohen and Co., improved from £0.83m. to £1.08m. in the first six months of 1976 and the directors believe that second half profits will not differ greatly from those now reported.

Earnings per 20p share are 24.47p (19p) and the net interim dividend is lifted from 1.568p to 1.724p. Last year's total was 4.464p from pre-tax profits of £1.49m.

	First half 1976 £000	1975 £000
Turnover	17,195	14,256
Profit before tax	1,083	831
Tax	435	359
Minorities	177	122
Net balance	481	350

The group trades as metal refiners and manufacturers of non-ferrous alloys.

Midland Drayton Commodity

The annual distribution of the Midland Drayton Commodity and General Unit Trust for the year ending October 31, 1976, amounts to 2.14p net per unit compared with 2.08p for the previous year. The offer price of units declined by 4 per cent. over the year, compared with a fall of 20 per cent. in the FT All Share Index. Since inception in 1968, the value of units has appreciated by 75 per cent. against a fall of 29 per cent. in the index and annual gross distributions have risen by 50 per cent.

Over the year, the portfolio has been heavily committed to the plantation sector, where companies have reported increased profitability and have made higher dividend payments. This accounts for the better performance relative to the stock market. The managers anticipate a slower rate of recovery in the world economy next year, but believe that base metals and foodstuffs will remain in continued demand and that investment in these sectors should be profitable. It is intended to maintain investment in international trading groups to provide a good spread of interests.

Unilock better than expected

ON A TURNOVER down 14.2 per cent. to £3.46m. pre-tax profit of Unilock Holdings decreased from £402,000 to £352,000 in the half year to September 30, 1976.

However the directors feel that results for the year should approach last year's record £723,000, says Mr. M. H. F. Newman, the chairman.

Earnings per share were for the half year 4p (4.7p) and the interim dividend is 1.6087p (1.4625p) net, or 2.48p (2.25p) gross. Last year's gross total was 6.1p.

	Six months 1976 £000	1975 £000	Year 1975-76 £000
Sales	3,461	4,032	7,074
Pre-tax profit	352	402	723
Taxation	176	199	376
Net profit	176	203	347

While pressure was on both volume and profit margins in the largest U.K. trading subsidiary, results were substantially better than seemed possible at the beginning of the financial year, says Mr. Newman.

The company, office partition manufacturers, is developing its export market activities and continues its search for an appropriate acquisition.

Unilock is an OTC company and the shares are traded "Over-the-Counter" by investment bankers, M. J. H. Nightingale and Co.

Midterm rise at M. Wiseman

Ophthalmic optical manufacturers and distributors M. Wiseman and Co. reports sales up from £7.04m. to £7.82m. for the six months to September 30, 1976, and an advance in profits from £526,000 to £529,000 subject to tax of £264,000 compared with £284,000. Profits for the year to March, 1976, reached £1.47m.

The group is wholly owned by UKO International.

Arthur Guinness ahead by £10.2m. to £39.3m.

TURNOVER for the year to September 25, 1976, of brewers Arthur Guinness Son and Co. expanded from £339.42m. to £413.88m. and pre-tax profits jumped by £10.23m. to £39.31m.

At halfway, reporting an increase in profits from £11m. to £14.8m., the directors forecast at least £30m. for the full year.

Full-year earnings are shown at 22.2p (17.9p) per 25p share and the dividend total is lifted from 5.7131p to the maximum permitted 6.2844p net with a final payment of 4.1204p.

	1975-76 £000	1974-75 £000
Turnover	413,878	339,423
Trading profit	36,135	29,739
Brewing	31,261	*24,136
Confectionery	457	389
General trading	3,499	*3,011
Leisure loss	226	+425
Plastics	950	753
Property	157	103
Share associates	8,306	5,822
Investment income	917	846
Interest charges	6,040	6,343
Profit before tax	39,312	29,084
Tax	18,198	12,447
Net profit	21,114	16,637
Minority interests	2,203	1,487
Extraordinary debits	2,690	1,708
Attributable	16,221	13,444
Dividends	5,245	4,562
Retained	10,975	8,882

* Re-stated to make directly comparable. + Profit.

Trading profit was struck after charging depreciation of £9.74m. (£8.41m.) and profit sharing scheme £1.87m. (£1.38m.). Companies in the U.K. and Eire contributed 68 (74) per cent. of trading profit and overseas companies 32 (26) per cent.

The increase in overseas trading profit includes £1.1m. attributed to more favourable exchange rates.

As Uptonspur has brought forward its current year end to March, 1976, results of the leisure division only include trading for the 24-week close season in which turnover was negligible. If the unaudited results of the Uptonspur for the 52 weeks to September 25, 1976, had been consolidated, trading profit of the division would have amounted to £546,000 (£425,000).

The attributable proportion of profits from associates is included in respect of Harp Lager, Cantrell and Cochrane Group, Guinness Ghana, Guinness (Nigeria), Sierra Leone Brewery, Savage Smyth and Co., Taunton Cider Company and associated companies of Morison Son and Jones International.

Extraordinary charges comprise revenue expenditure in connection with modernisation of Dublin brewery £1.87m. (£1.57m.), terminal costs mainly relating to non-brewing activities £808,000 (£876,000), net book loss on writing down of investments, disposal of properties and repayment of currency borrowings £547,000 (£188,000), and provision to write down premiums previously capitalised as goodwill on acquisition of shares in subsidiary companies £979,000 (nil) less tax relief and minority interests of £1,318,000 (£928,000).

A summarised group balance sheet shows total assets of £199.48m. (£182.31m.), including net current assets excluding liquid funds of £46.26m. (£37.2m.), cash and deposits of £11.93m. (£3.98m.) and bank overdrafts and short-term loans of £28.59m. (£23.06m.).

The approximate effect of applying current cost accounting principles to results would be to show profit before tax reduced by £15.9m. (£40 per cent.) of which £8.9m. represents additional depreciation and £7.0m. the cost of sales adjustment. The current purchasing power gain on the net monetary liabilities would amount to £13.2m. of which £6.2m. would arise from short-term liabilities.

The directors say the spread of business in various activities worldwide made a valuable contribution to the profit increase.

Brewing again had a mixed year in Eire, where inflation worsened the recession. Beer sales were hit by the 6p a pint tax increase imposed in the Budget, but partly recovered later in the year. Despite difficult conditions the share of the beer market has increased slightly.

The hot summer affected sales of Guinness in Great Britain after a promising start, but Guinness again had a good year in almost all markets overseas.

The Harp Lager consortium has added Kronenbourg lager to its range and group sales have exceeded 2m. barrels in the year.

In the general trading group, Morison Son and Jones International reports a substantial increase in profits. Good progress has been made both overseas and in retailing in Britain.

The company has entered into arrangements to purchase the shares in Morison Son and Jones International not already owned for £607,524 in cash and 500,000 Ordinary stock units.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—E. Austin (London), Bankers Investment Trust, Braithwaite Engineers, British Benzol Carbonising, H. P. Bulmer, George Ewer, C. H. Goldrei Foucard, Laurence Scott, Lindustries, Marler Estates, Wace Group, Weston-Evans.

Finals—CompAir, United Scientific, Westland Aircraft.

FUTURE DATES

Interims—	
Akzo NV	Dec. 21
Brown (N.) Investments	Dec. 22
Formminster	Dec. 23
Norton and Wright	Dec. 28
Trustees Corporation	Dec. 16
Finals—	
Charter Trust and Agency	Dec. 21
North British Steel	Dec. 20
Vectis Stone	Dec. 20

Haslemere more than doubled

PRE-TAX profit of Haslemere Estates for the half-year to September 30, 1976, more than doubled from £389,000 to £863,000. Net rental revenue rose from £2.79m. to £3.3m., and the directors state that the forecast for net rental revenue of £6.5m. for the full year will be exceeded.

The interim dividend is stepped up from 0.9p to 0.95p net per 10p share. Last year's total was 2.66047p.

The directors add that extraordinary items relate to net surpluses on realisation of investment properties, which in the annual accounts are appropriated to capital reserve.

	Half year 1976 £000	1975 £000
Net rental revenue	3,300	2,791
Trading profit	203	189
Interest	2,350	2,350
Man. expenses	290	270
Share assoc.*	40	58
Profit before tax	863	389
Taxation	449	175
Net profit	374	112
Extraord. credits	873	1,877
Available	1,247	1,990

* Deficit.

The policy of charging all interest against profits has been adhered to, and it is anticipated that the charge for the full year will be approximately £5m.

Comparisons have been restated to take account of the change of accounting basis (reported July 14) under which profits from sales of properties transferred to a subsidiary are now taken direct to reserve rather than being included in the profit and loss account.

Record Ridgway beats forecast

AFTER being up from £810,000 to £803,000 at halfway, taxable profit of hand tool manufacturers, Record Ridgway improved by £685,000 to a record £2,050,000 for the year to October 3, 1976—this exceeds the June forecast of about £1,800,000.

The improvement in the second six months is the result of a concentrated effort in seeking out market opportunities overseas, states Mr. A. B. Hampton, chairman.

For the year as a whole U.K. companies improved their profit by 32 per cent. and overseas companies by 44 per cent.

Stated earnings per 25p share are 11.16p (8.84p) and net dividend total is raised from 2.7625p to 3.0387p, with a final of 1.8237p.

Sales to U.K. markets have suffered due to the recession, particularly in the building and construction industries. But exports from the U.K. have increased by 43 per cent. to £6.2m. Overseas sales now account for 33 per cent. of total turnover. Market diversification has reduced dependence on any one particular economy, and has enabled the company to come through the recession with considerable success.

The recent acquisition of Platts Forgings will be a further benefit in the future, by safeguarding the supply of essential forgings. In the past seven months Platts achieved a profit of £51,000, and the chairman is confident of a worthwhile contribution in the current year.

The output from the Sheffield factories is being increased to meet the opportunities in international markets and to enable the company to maintain its growth pattern in the current year. This expansion will be achieved through an increase in the work-force of about 10 per cent. and the initiation of a substantial capital investment programme. Despite the continuing high level of inflation—particularly in the price of steel—net bank borrowing has been reduced by £700,000 to £360,000, thus enabling the company to finance this expansion programme from existing facilities. Net current assets at year-end stood at £4.25m. (£3.21m.).

	1975-76 £000	1974-75 £000
Turnover	15,523	11,993
Trading surplus	2,170	1,514
Interest	70	149
Profit before tax	2,050	1,365
Taxation	1,040	628
Net profit	1,010	737
Minorities	40	23
Pref. dividends	—	4
Attributable Ord.	970	710
Ordinary dividends	270	230
Retained	700	480

● comment

Further expansion into the overseas and export markets—particularly the Middle East and the Americas—has again provided the main boost to Record Ridgway's profits growth. Up 50 per cent. pre-tax, the group's profits are almost £200,000 above most expectations and the shares rose 10p yesterday to 60p where the p/e is 5.2. At this level they look good value. The current rate of incoming orders is above that of a year ago and the group's plans to substantially increase capacity over the next three years with a total capital outlay of £1½m. augurs well for the medium-term growth. Moreover, the expansion plans are supported by a cash flow approaching £1m. a year and a strong balance-sheet which now has borrowings down to just over 5 per cent. of net worth. The dividend, yielding 8 per cent., is covered 3.6 times.

SCOTTISH EQUITABLE

The Scottish Equitable Life Assurance Society has now introduced joint life contracts on all its whole life and endowment assurances. Under joint whole life policies, the policy benefits are payable on the first death of the joint lives, while on endowment assurances it would be payable at maturity if both lives survive the term or on the previous death of at least one of the joint lives.

Where the age difference in the two lives is not more than 10 years, the increase in cost over that to secure the same benefit on the older life is small. The company first introduced joint life contracts on its bonus reinforced policies for endowment mortgages. This extension will be useful for partnership assurances.

International Factors increase

Announcing a pre-tax profit of £456,000 for the year ending September 30, 1976, against £305,000, Mr. W. W. Renilson, the chairman of International Factors, says it was a year of consolidation and growth. Doubling of new clients and a re-organisation achieved an increase of business handled to £126m., of which £29m. was international business and £18m. was invoice discounting. However, the growth was partly offset by a reduced level of finance utilisation and a reflection of the economic weakness of the corporate sector.

On October 1 the company sold its Irish subsidiary. International Factors (Ireland) is now owned by Bank of Ireland Finance Limited (75 per cent.) and Lloyds and Scottish Limited (25 per cent.), International Factors' holding company.

The new chairman, who has taken over from Mr. J. McQueston, says the immediate results are difficult to quantify, but the policy is to continue expansion and broaden the industrial base by diversification.

Black Arrow midway recovery

ON A TURNOVER up from £2.29m. to £2.51m., pre-tax profit of Black Arrow Group recovered from £42,000 to £72,000 in the half year to September 30, 1976, and the directors anticipate that the level of profitability in the second half will at least equal that of the first. Profit for the year to March 31, 1976, was down from £288,917 to £51,363.

Earnings per 50p share for the six months increased from 0.3p to 0.59p, and an interim dividend of 0.3p net is declared. Last year a single payment of 0.4p was paid from earnings of 0.45p.

	Six months 1976 £000	1975 £000	Year 1975-76 £000
Elec. eqpt. sales	1,233	1,238	2,557
Office eqpt.	799	591	1,608
Leasing†	481	463	950
Total turnover	2,513	2,292	4,415
Profit before tax	72	42	51
Taxation	37	22	21
Net profit	[illegible]	20	30

† 1976 restated to include £88,000 proceeds of sale of repossessed equipment, not formerly classified as turnover.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price p	+ or −	Div. Amount	Times covered	Gross Yield	P/E Ratio
—	F.P.	—	£31⅞	£23⅛	Estmark US$1	£27¼	−¾	Q$1.52	—	3.1	—
—	F.P.	—	31⅝	29⅛	Utd. Technologies US$5	£30⅝	−1	Q$1.20	—	2.4	—
—	F.P.	7/1	202	185	Willis Faber 25p	197	−5	b7.0	2.4	5.5	11.6

FIXED INTEREST STOCKS

Issue Price	Amount paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −
††£94	£10	—	13	11½	Essex Water 9% Red. Pref. 1982	13	......
$US100	F.P.	—	$99¼	$99	Gotaverken AB 8% Guar. Notes 1982	$99¼	......
$US100	F.P.	—	$98¾	$98½	Gotaverken AB 8½% Guar. Bds 1986	$98¾	......
$US100	—	—	$98¾	$98½	I.C. O'seas Finance 9% Guar. Bds 1985	$98¾	......
$US100	F.P.	—	$100	$98½	Kockums Meck 8% Guar. Notes 1983	$98¾	......
KD98½	F.P.	—	KD98½	KD98	Korea Development Bk. 8½% Guar. Bonds 1979	KD98½	......
KD98½	F.P.	—	KD97	KD97	Korea Development Bk. 9½% Guar. Bonds 1981	KD97	......
$US100	F.P.	—	$100	$98	Midland Int. Fin. 8¾% Guar. Bds 1986	$99	......
::	F.P.	1/12	71	70	Newman Inds. 10% Cum. Pref.	70	......
$c100	F.P.	—	$c98¼	$c98	Nova Scotia (Prov. of) 9% Db. 1983	$c99¼	......
$US100	F.P.	—	$100	$99	Polysar 9¼% Deb. Series 'D' 1988	$99¼	......
$US99	F.P.	—	$99½	$98	Sth. of Scotland Elec. 8½% Guar. Notes 1981	$99½	......
$US99½	F.P.	—	$99½	$98	SodraSkogsagarna 9½% Guar. Bds. 1986	$99¼	......
††£94	F.P.	7/1	96	94½	Tendring Hundred W'works 9% Red Pf. 1981	96	......
$US100	—	—	$96½	$96½	Urquijo Intl. Guar. Float Rates Notes '81	$96½	......
—	F.P.	7/1	75½	71	Willis Faber 7% Cum. Pref.	72	......

"RIGHTS" OFFERS

Issue Price p	Amount paid up	Latest Renunc. Dates †	Latest Renunc. Dates ‡	1976 High	1976 Low	Stock	Closing Price p	+ or −
54	F.P.	10/12	28/1	75½	58	Assoc. Engineering	75	−½
$A4	$A2	—	3/12	560	375	Broken Hill Props.	450	−5
62	Nil	20/12	10/1	33	8	Chloride Group	22	−1
11	F.P.	6/12	7/1	15	11½	Cray Electronic	15	......
124	F.P.	1/11	17/11	148	119	General Accident	145	......
$A1.75	F.P.	3/12	17/12	216	189	National Bank of Australasia	219	+8
$A1.20	F.P.	18/6	—	197	128	Western Mining	140	......

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. u Forecast dividend: cover based on previous year's earnings. x Figures based on prospectus or other official estimate for 1976. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ¶ Issued by tender. ‡ Offered to holders of Ordinary shares as a "rights." ♥ 200 $.Afr. cents. † Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ✚ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). * provisional or partly-paid allotment letters. ‡ With warrants. ‡ After suspension. KD Kuwait Dinar.

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JBI sees 'fairly high' net loss for 1976

BY DAVID CURRY

PARIS, Dec. 14.

JACQUES BOREL International, the hotel and restaurant chain, will record a "fairly high" consolidated net loss for 1976 despite an increase in sales.

The company notes that a prime reason for the loss will be the fact that taxation is not set on a consolidated basis and that income taxes levied on profitable operations and amortisation of expenses and goodwill will therefore push the results into the red. At operating profits level the group will be in equilibrium, Borel estimates.

Third quarter sales were Frs.412m. which represents a 72 per cent. increase over the same period of last year mainly because of the acquisition in the summer of 1975 of the Sofitel hotel chain. Excluding acquisitions and the hotel sales, the increase is 28.3 per cent. This is in line with a first half sales increase, excluding acquisitions, of 26.5 per cent.

Over nine months group sales amounted to Frs.1.14bn., a 62.8 per cent. improvement in performance, falling to 27.3 per cent. on a comparable basis.

The profits figures show a substantially improved third quarter situation, with operating earnings of Frs.10.6m. improving on a second quarter profit of Frs.3.7m. and a first quarter loss of Frs.12.3m. to which the hotels contributed a Frs.13.5m. loss.

The company complains that higher municipal taxes on restaurants and hotels have depressed third quarter earnings. While forecasting an overall loss the group notes that liquidity is good. Apparently the poor general economic outlook is expected to be the main factor in a disappointing final quarter.

JBI has had an off-on relationship with the American chemicals and diversified industrial group W. R. Grace. After holding 64.9 per cent. in JBI during the group's rapid expansion it sold all but 8.6 per cent. last year before lifting its stake back to 15.2 per cent. some two months ago to re-emerge as the major shareholder.

The main management effort over the past year has been to recover both financially and in terms of reputation from the acquisition of the Sofitel hotel chain which was losing money heavily at a time when the Borel hotel operation was already a loss-maker. Borel gives no separate third quarter figures for the hotel operation but in the first half it lost Frs.19.3m.

Montedison joint engineering deal

MILAN, Dec. 14.

Montedison, Bastogi and Italcementi have announced they are grouping their engineering interests into one company to strengthen their position, particularly in export markets.

Montedison will take 50 per cent. in the capital of the new firm, Ingens, and each of the other partners 25 per cent. Ingens will be capitalised at L500, to be doubled within a few months.

Among Bastogi's subsidiaries the new firm will take over Alpina. It will also take over the Montedison subsidiary Montedil, Italconsult, which is jointly controlled by the three firms with Montedison as main partner, and Ismes, controlled by Italcementi.

However, two firms will remain outside the joint venture, Montedison Unit Tecnimont and Bastogi Unit CTIP, the companies said.

● ANIC, 75 per cent. owned chemical subsidiary of Ente Nazionale Idro Carburi (ENI), said its balance-sheet at end 1976 would be more unfavourable than last year, but 1977 should see the first beneficial effects from the capital raising operation now under way.

In a letter to shareholders Sig. Italo Ragni, Anic chairman, said sales in the first ten months rose 33 per cent. above the same 1975 period to L650bn. But higher costs, including a 28 per cent. rise in labour costs and a 60 per cent. increase in financial charges, meant the financial outlook was worse.

Anic had a 1975 loss of L21bn., and by May 31 accumulated losses totalled L63bn. The company decided to halve capital to L56.7bn. and then raise it to L198.6bn. through the five-for-two share issue at par value of L500.

This capital increase will give Anic increased finance, enabling it to invest and limit costly borrowing needs, Sig. Ragni said.

The company also plans to seek shareholder approval for a convertible bond issue as soon as the current share issue is completed, Sg. Ragni said. The bond issue was announced in July, for a planned total of L85bn., whose conversion into shares would raise capital to L283.7bn.

ENI has undertaken to subscribe to any shares not taken up by private investors under the present operation. As Anic share prices are well below par (yesterday's close L400) bourse sources said they consider private investors were unlikely to show much interest in the issue.

Anic is going ahead with its investment programme in spite of its difficult financial situation, Sig. Ragni said. New investments this year, either alone or through associate companies total L160bn. he noted.

These mainly concern anti-pollution or labour safety projects, while the company is also studying an investment programme for construction of advanced technology plants both in its current sectors of activity and in new branches.

Reuter

BASF seeks partner

BY GUY HAWTIN

FRANKFURT, Dec. 14.

BASF, one of West Germany's three largest chemical concerns, has abandoned plans to build its own nuclear power station as a source of electricity and process steam. Instead, it is seeking a co-operation accord under which a public power generation utility will build a standard nuclear power plant with the bulk of output earmarked for BASF.

The chemical group had originally planned to construct its own reactor at its Ludwigshafen base, virtually in the town itself. However, since the initial go-ahead was given by the BASF Board eight years ago, costs have risen dramatically.

To-day's statement by the group said that current costings indicated that the plant would cost some DM2.1bn. (£525m.). Eight years ago the costs were estimated at DM500m. (£125m.).

This huge escalation of costs is largely a result of vastly increased safety requirements required by the Government's nuclear inspectors for the highly populated site originally being considered. Safety standards for standard nuclear power stations have tightened considerably but the planned BASF plant, because of its site, was subject to even more strict requirements.

BASF said to-day that since the plan was conceived the costs involved have soared from an index base of 100 to 430. At the same time, on the same basis, the index for a standard nuclear power station has gone up to 290, while for industrial plant it has risen to only 140.

The group's statement says that the DM900m. difference in cost between a standard nuclear plant and the one that BASF was planning had prompted the decision to abandon it as an independent project.

It was now seeking a co-operation agreement with an electricity utility to provide a standard nuclear power station sufficiently large and sufficiently close to Ludwigshafen to deliver 1,000 tonnes of steam to BASF an hour. The group believes that the high level of demand from BASF would make the project very attractive for a public energy utility.

BASF, which is expected to turn over DM21bn. (£5.25bn.) this year, appears to be considering a site at Kirschgartshausen, north of Mannheim, for the co-operative project. However, its statement says that a site on the left side of the Rhine around Frankenthal/Bobenheim-Roxheim was also a possibility. The transportation of steam over a distance of eight kilometres was quite feasible.

No indication of potential partners was given in the BASF statement. However, informed speculation here puts four utilities in the running—Badenwerk, Pfalzwerke, Grosskraftwerk of Mannheim and the giant Rheinisch-Westfaelisches Elektrizitaetswerk.

U.S. profits fall

The U.S. Federal Trade Commission said after-tax profits of U.S. manufacturers fell to 5.3 cents per dollar of sales in the third quarter, from 5.9 cents in the second quarter, but were ahead of the 1975 third quarter 4.9 cents, Reuter repors.

Pentagon rules

The U.S. Defence Department has proposed new regulations designed to curb conflicts of interest by Pentagon employees—both military and civilian—who deal with Defence contractors, reports AP-DJ.

Alcan sees a better 1977

Financial Times Reporter

MONTREAL, Dec. 13.

PROSPECTS for improved earnings in 1977 in a "slow growth scenario," when aluminium shipments may show an increase of about 10 per cent. over those of 1976, were outlined to-day by John Hale, executive vice-president, finance, of Alcan Aluminium, when he spoke to a group of institutional investors in New York city.

Industry shipments in 1976 showed a good recovery over the recession year of 1975, but were still below the levels of 1973 and 1974.

Alcan's 1976 profits were seriously reduced by strikes in its Canadian smelters but these have been settled except at Shawinigan, Quebec. Mr. Hale said that the re-start of the smelters, after the strike settlement on November 14, is going well and is ahead of Alcan's original plans. Potlines are now returning to production at planned intervals. At the largest Arvida smelter in Jonquiere, Quebec, 11 potlines are producing or on power and the 15 potlines which were operating last June will all have been reactivated by the end of this month.

Due to the strikes, Alcan's capital expenditures for 1976 will total somewhat lower than originally anticipated, so with a catch-up, 1977 capital spending is expected to reach record levels for the company.

Pripps doubles its earnings to KR57m.

BY WILLIAM DULLFORCE

STOCKHOLM, Dec. 14.

PRIPPS BREWERIES, the largest in Sweden, nearly doubled its pre-tax earnings for the financial year ending September 30 from Kr.28.8m. to Kr.56.8m. (£8.2m) after a rise in sales of Kr.162m. to Kr.102bn. (£145m.).

The Swedish State is the major shareholder in Pripps, having acquired a 60 per cent. interest for a price of Kr.231m. when its former owner, the Pribo holding company, was taken over last year by Beijerinvest. In addition to its own products Pripps holds the licence for Carlsberg and Tuborg beers in Sweden.

Production last year rose by 5.3 per cent. to some 450m. litres with malt-brewed drinks rising by 12.3 per cent. against a 4.3 per cent. decline in the output of soft drinks.

The increase in earnings stems from a marked improvement in productivity. Output rose at the same time as the number employed fell by 244 to 3,192, giving a gain in productivity per working hour of 13 per cent., which can be compared with an annual improvement of 9.5 per cent. on average.

After the maximum depreciation allowed by tax regulations and a Kr.20m. appropriation to the investment fund, the net profit comes out at Kr.4.4m. against Kr.7.7m in the previous financial year The Board proposes to pay a dividend of Kr.10m. to its two owners, the State and Beijerinvest.

Toyo Valve casualties

TOKYO, Dec. 14.

THE FAILURE of Japan's leading valve maker, Toyo Valve Co. which accumulated debts of about Y88.2bn. has seriously jeopardised the financial condition of several other fairly large trading houses and other businesses, the court-appointed provisional trustee for the company told news agency reporters today.

Mr. Taizo Ishikawa, appointed last month by Tokyo District Court to preside over Toyo Valve's rehabilitation, said he and others of Toyo Valve's major backers were "very concerned" about trading houses that were left with large amounts of credit outstanding to the bankrupt company. Mr. Ishikawa declined to name the companies concerned.

There are already reported to have been four bankruptcies of Toyo Valve affiliates including Azuma Sangyo and Chuo Kanzai, which fell with debts of Y3bn. and Y4.5bn., respectively.

Mr. Ishikawa said there were no overseas companies put in financial difficulty by Toyo Valve's failure. Indications were that his report to Tokyo District Court early next year would conclude that the company could indeed be put back into sound financial condition. It would take about one or two years, however, he said, before creditors of the company could begin to recoup their losses.

AP-DJ

RWE has rise in power output

By Adrian Dicks

BONN, Dec. 14.

REFLECTING the higher level of economic activity over the past 12 months, the largest West German electric utility, Rheinisch-Westfaelisches Elektrizitaetswerk, (RWE) reported a 12 per cent. increase in power output during the first quarter of its business year, covering the months July-September, compared to the same period of 1975.

RWE reveals that a part of this increased output was due to a 37.8 per cent. increase in sales to the hydro-electric power-dependent utilities in Southern Germany and elsewhere in Europe, made necessary by the summer drought.

The utility made profits of DM1.6bn., up by 10.4 per cent. from 1975, during the three month period. It reported that costs however rose more rapidly than sales revenue, and that the rate of increase in demand has in any case weakened during the past few weeks.

Ecopetrol loan managers

FINANCIAL TIMES REPORTER

A GROUP of 38 international banks signed the loan agreement with Empresa Colombiana de Petroleos (Ecopetrol), the Colombian state-owned oil company—for the $100m. credit which is to increase production of Colombia's refined oil products and to provide for other capital improvements of Ecopetrol.

Dr. Juan F. Villarreal, president of the company, represented Ecopetrol at the signing. Managers of the credit—the largest sought by Ecopetrol in the international market—are N. M. Rothschild and Sons Ltd.; Bank of America N. T. and S. A., the agent bank; Kuhn Loeb and Co.; and Bank of Nova Scotia International Limited.

Approximately 60 per cent. of this credit will be applied to financing the building of the "Balance Unit" project in the north-eastern part of Columbia at Barrancabermeja Refinery. Forty per cent. of the proceeds will be used towards the purchase of goods and services for other capital improvements of Ecopetrol.

Co-managers, in addition to the four manager banks, are Equibank N.A. (U.S.); European Brazilian Bank Limited (U.K.); The Toronto-Dominion Bank (Canada); Trade Development Bank (U.K.); and Banco Cafetero, Banco Comercial Antioquena, Banco de Bogota and Banco de Colombia, all of Colombia.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan 9½pc 1989	104¼	105¼
Australia 8½pc 1991	100	100½
Bowater 9½pc 1990	103	103½
Canadian N. Rwy. 8½pc '86	100½	101¼
Credit National 8½pc 1986	97½	98½
Denmark 8½pc 1984	98½	99½
E.C.S. 9½pc 1986	102¾	103¼
E.I.B. 8½pc 1989	101	101½
Erap 9½pc 1988	102½	103¼
Esso 8pc 1986 Nov.	103¾	104¼
Eurofima 8½pc 1983	102¼	103
Granges 9½pc 1985	102½	103
...E. Canada 9½pc 1986	104¼	105¼
Massey Ferguson 9½pc 1991	104½	105½
Michelin 8½pc 1988	101½	102½
Midland Int. Fin. 8½pc '86	97½	98
[illegible] 9pc 1986	97½	98½
Nat. Westminster 9pc 1986	99½	100½
Newfoundland 9½pc 1989	101½	102
Norpipe 8½pc 1986	102¼	103
Norsk Hydro 9pc 1991	101½	102½
Oslo 9pc 1988	101½	102½
Ports Autonomes 9pc 1991	98½	99½
Prov. Quebec 9pc 1994	100½	101½
Quebec Hydro 8½pc 1986	98	98½
Prov. Saskatch. 8½pc 1986	102	102½
Skandina. Enskilda 9pc '91	100½	101
Volvo 9½pc 1985	103	103½

NOTES	Bid	Offer
Australia 8½pc 1983	102	102½
Australia 8½pc 1984	101	101½
Dow Chemical 9pc 1980	101½	102¼
E.E.C. 8½pc 1982	101½	102¼
Kokums 8pc 1983	98½	99½
Michelin 8½pc 1983	101½	102¼
Montreal Urban 8½pc 1981	[illegible]	100
Nat. Coal Board 8½pc 1981	99½	100½
New Bruns. Prov. 8½pc '83	105	103½
New Zealand 8½pc 1984	100	100½
Nippon Fudosan 8pc 1981	99½	100½
Sth. of Scot. Elec. 8½pc '81	98½	99

FLOATING RATE NOTES	Bid	Offer
Bizcaya 7½pc min. 1981	98½	[illegible]
Urquijo 7½pc min. 1991	97½	97½
Bk. Tokyo Hldg. 6½pc min. 1981	101	101½
LT. Cb. of Japan 6½pc min. 1981	99½	99½

D. MARK BONDS	Bid	Offer
Beecham 8pc 1988	101½	102½
E.I.B. 6½pc 1984	98	98½
I.C.I. 7½pc 1986	98	99
Inter Amer. Dev. Bk. 7pc 1987	98	99
New Zealand 7½pc 1988	103½	104

Source: White Weld Securities, London.

CONVERTIBLES	Bid	Offer
American Express 4½pc '87	83	86
Ashland 5pc 1988	88	90
Beatrice Foods 4½pc 1992	102	104
Beatrice Foods 4½pc 1992	121	123
Borden 5pc 1992	103½	104½
Broadway Hale 4½pc 1987	78½	80½
Canon Camera 7½pc 1989	183	190
Carnation 4pc 1987	88½	90½
Chevron 5pc 1988	120½	122½
Dart 4½pc 1987	84½	86½
Eastman Kodak 4½pc 1988	103	105
Economic Labs. 4½pc 1987	76½	78½
Fed. Dept. Stores 4½pc '85	118½	120½
Firestone 5pc 1988	84½	86½
Ford 6pc 1986	96	98
Ford 5pc 1988	87	89
General Electric 4½pc 1987	84½	86½
Gillette 4½pc 1987	75½	77½
Gould 5pc 1987	112½	114½
Gulf and Western 5pc 1988	94½	96½
Harris 5pc 1992	97	99
Honeywell 6pc 1986	85	87
ITT 4½pc 1987	77	79
Komatsu 7½pc 1990	101½	103
J. Ray McDermott 4½pc '87	144	146
Mitsubishi Elec. 7½pc 1991	102	104½
Mitsui 7½pc 1990	[illegible]	104
J. P. Morgan 4½pc 1987	109	110
Nabisco 5½pc 1988	97½	99½
Owens Illinois 4½pc 1987	116	118
J. C. Penney 4½pc 1987	83½	85½
Pioneer 6½pc 1988	209	—
Raymond 8½pc 1983	103½	105½
Revlon 4½pc 1987	107½	109½
Reynolds Metals 5pc 1988	86	88
Sperry Rand 4½pc 1987	93½	95½
Squibb 4½pc 1987	74½	76½
Texaco 4½pc 1988	77	79
Toshiba 6½pc 1990	105½	107
Union Carbide 4½pc 1982	106	108
Warner Lambert 4½pc 1987	81	83
Warner Lambert 4½pc 1988	77½	79½
Xerox 5pc 1988	78	80

Source: Kidder, Peabody Securities.

The Woolwich

"Our outlook is one of qualified optimism"

Speech by the Chairman, Sir Oliver Chesterton, MC, FRICS, to the 129th Annual General Meeting of the Members held at the Connaught Rooms, Great Queen Street, London WC2, on Tuesday, 14th December 1976.

I have pleasure in submitting the Directors' Annual Report and Accounts for the Society's 129th year which ended on 30th September 1976. Perhaps I should add that it is a pleasure not unmingled with diffidence, as I try for my first time to perform what our former Chairman, Alexander Meikle, has done so uniquely well for the past eight years.

Interest Rates

During the first part of the year our position, and that of societies generally, became so favourable in relation to competing attractions for saving that we hoped that we might be able to begin a sustained reduction in rates. From 1st May, our interest rates for investors and borrowers were indeed reduced by 0.5 per cent. The hopes were, however, dashed by successive waves of pressure on sterling and by accompanying rises in the levels of rates generally. By the end of the year, the disparity with our own interest rates became so great that we felt obliged in common with other societies, to increase our Share rate to 7.8 per cent from 1st November, and to raise the rate charged on repayment mortgages to 12.25 per cent. I should add that these new, historically high, rates have not in fact restored to us the competitive advantage which we held earlier in the year. For the moment, however, let me leave the present situation and our view of the prospects, and turn rather to some of the more salient figures in the Accounts which you have before you.

Investment and Mortgage Business

Despite the changing competitive situation during the year, and despite the various pressures which operated on disposable incomes, our investors entrusted to us £505 million, an increase of 16 per cent on 1974/75. This is an enormous sum. Perhaps it will be more comprehensible if I say that it represents some £2 million in each working day. Of course it was not received at so regular a rate throughout the year but, though there was a slight decline, there was in fact no dramatic reduction in our gross receipts during the second half of the year.

It was withdrawals, and so net receipts, which really mirrored the economic climate and the strains on most people's home budgets. Net investments including interest added to investors' accounts, at £207 million, was in fact £13 million less than last year. Over the year, the rise in the ratio of withdrawals from 60 per cent last year to 69 per cent in 1975/76 was certainly a matter for concern, accelerating as it did from the middle of the year onwards. But it was hardly comparable with the rise from 67 per cent in 1972/73 to nearly 82 per cent in the difficult year of 1973/74. Our investors plainly continued to have confidence, but they were being affected by the current demands on their money which restricted the amounts which they could keep aside for saving. In all the circumstances, the levels of gross and net receipts were good and healthy.

This growth in investors' balances, combined with capital repayments on existing mortgages, enabled us to lend the record sum of £318 million, an increase of more than 9 per cent over last year. Regrettably we were not able also to help a record number of people to buy their own homes. This was due to the fact that, while the average price of houses mortgaged to the Society was some 6.5 per cent higher than last year, the average loan increased by some 11.5 per cent to £8,521. In consequence the number of main mortgages granted was less than last year by roughly 1,000, being 37,318.

The Society's assets grew by 18.1 per cent to £1,486 million, and total membership now exceeds 1,250,000.

Liquidity

The Society's ratio of liquid to total assets has recently been rather below the levels held by some other societies, although always well above statutory requirements. At the end of this year it was 16.57 per cent as against 16.70 per cent the previous year. Such a level reflects deliberate policy. The Society is in business to lend money, not to invest it. This remains the case despite the fact that quite often, as now, it can obtain a better interest yield by investing in, for example, gilts than by lending on mortgage. Moreover, our liquidity is real; apart from cash holdings, the great bulk is in bank deposit accounts, loans to local authorities and very short-dated Government and other securities. During the year, in response to changes in the gilts market, the proportion of loans to local authorities and short-term deposits with selected banks has increased. The market value of our holdings in Government stock was at the end of the year £1.7 million less than the value in our books, but the redemption value exceeds book value by some £7 million. Thus the quality of our liquid funds is high, and we are well equipped to deal with fluctuations in the flow of funds.

Revenue and Reserves

The revenue surplus for the year was £7.5 million after tax. To this has to be added a surplus on realisation of investments and premises during the year, so that the total amount transferred to General Reserve was some £11.5 million. Reserves then stood at just over £48 million, representing 3.23 per cent of assets (an increase from 2.91 per cent in 1974/75).

Although in absolute terms there has been a substantial increase in expenses of management (from £8.164 million to £10.275 million), the relative level of expenses was contained at 79 pence for each £100 of mean total assets. It need hardly be said that this is a very low level compared with the expenses of most other financial institutions. Moreover, it compares very favourably with the level of 89 pence which was the average for all societies for 1975, itself a standard which surely must now have been overtaken.

Prospects

You will have seen that at the end of the Directors' Report the hope was expressed that the then imminent increase in our interest rates would stimulate a flow of funds such that our lending would not be unduly restricted. You will therefore now expect me to make some comment on the situation in the light of the last two months.

It is a fact that our rates are no more competitive than they were at the end of the Summer, and that at that time we were by no means on the crest of the wave. I will not deny that we have once or twice in the past few weeks had to pay out more money to investors than we have received – and I am sure that many other societies would tell the same story.

Yet the prospect is uncertain rather than bleak. Our outlook is one of qualified optimism. Receipts generally fall off at this time of year, just as withdrawals tend to rise, and it is not easy to distinguish in the seasonal pattern any temporary darker colour which may be woven into it (for instance, the 'beat the budget' type of spending spree which seems to have been a feature of recent weeks). There can hardly be any doubt that the current economic climate imposes a pressure on family budgets which, sooner or later, will be reflected in savings habits and may already be evident. I have heard the view expressed that building societies may have to raise their rates still further, but I am not certain at the moment that such a measure will be necessary or that it would be effective. The Chancellor has recently voiced a hope that interest rates may gradually be reduced. It is no simple matter to assess how slight a relaxation of the strain on sterling, brought about by some political initiative, could lead to a general slackening of rates which would be to our advantage. I count some such change as a real possibility. Therefore I am fairly sanguine that our fortunes could soon improve when conditions become slightly more settled and although I cannot foresee any early reduction in our own interest rates, I can see no reason for this Society to be thinking in terms of any increase at the present time.

I have already indicated that we do all that we prudently can to lend the funds which become available to us. The Society is well aware of the need for a vigorous and stable house-building industry and of the damaging effect of fluctuations in the supply of mortgage finance. Over one-fifth of our advances continue to be made to purchasers of new houses. We are also conscious, however, that the housing market is an indivisible whole. If there are not generally cheaper and older houses for which loans are available, many people will not be able to begin owning their own homes. We have always lent a considerable amount in respect of older property. This year, the proportion of buyers of pre-1919 houses rose from 16.8 per cent to 19.5 per cent of the total number of new borrowers. This was to a large extent because of our commitment, readily taken on and more than fulfilled, to make advances to applicants whom their local authorities would once have been able to help, but for restrictions imposed on their lending. At the other end of the price-range, and either new or second-hand, are the houses to which existing owners 'trade-up'. Any restriction on lending on this type of dwelling is likely to affect the whole market in terms of the availability of cheaper properties. Some restriction on demand for this type of business appears, for various reasons, inevitable at the present time, and there is indeed some evidence of a growing practice of actually 'trading down'. But it is no part of our policy to limit movement at the upper end of the market. We shall continue to try to lend freely on good securities over the whole range.

We charge interest at 12.25 per cent for repayment mortgages large and small alike. This is of course cheap in relation to other ways of raising capital, for it amounts to only some 8 per cent net. But 'cheap' is relative. Ten years ago the rate was 7.13 per cent *gross*. From 1969 until as recently as 1973 it was 8.5 per cent (reduced to 8.0 per cent for 1971). The difference from the present level is obviously great. I will not attempt to relate it to the rise in incomes over the whole period, but clearly no great imagination is needed to see that cases of hardship must arise from such increases in interest rates. We do try to keep them in mind. On the other side, there is the mixed blessing that a rate of 12.25 per cent may curb demand both from prospective new borrowers and from existing members who are not necessarily able to relieve an additional mortgage commitment, when 'trading up', by a rise in income. We are very conscious that the high rate of interest may work to the disadvantage of the house-building industry and of the house market in general, even though it might help us as a Society to match supply of funds with demand for them.

Demand for mortgages has for very many years exceeded the funds available. It may be that the present lending rate and factors in the housing market will tend to moderate that demand in the coming year. There may even be an unforeseeable major improvement in our cash-flow. Save in that event, however, I feel fairly certain both that we shall be obliged to lend less than we have advanced this year, and that the demand will still greatly exceed the supply. It is never easy to justify priorities and we do not think it is desirable to lay down rules of thumb for such circumstances. We shall do our utmost to help our existing members, and in particular those who are needing to buy for the first time or are obliged to move house.

Last year Mr. Meikle mentioned that we had opened 10 new branches. In this year of 1975/76 we opened 19, so that at the end of the year we had 157 branch offices. We are not unaware of a school of thought which believes that societies in general have too many branches. The Woolwich, however, is not a society in general, but a particular society which has long placed special value on service to the public. There seems to be no doubt that service as near as possible local, through a branch office, is what members want. A new branch is opened only after the most careful research into costs, the existing membership likely to benefit from it and the possible new members who without it cannot easily avail themselves of the Society's facilities. All the evidence is that there is scope for further branch development which meets these criteria, and we plan to continue activity in this field.

I have described the prospects as uncertain rather than bleak. They are of course more than usually uncertain. It needs no economist to discern the current widespread economic malaise, from which a major building society cannot isolate itself. The cures may or may not be within the power of politicians on the present scene. We may not recognise the first decisive step until long after it has been taken. Perhaps it is being taken at this moment. The fact is that interest rates, the key to our situation as a Society, are unstable. They are among the instruments of policy in a crisis of confidence. Our own rates are traditionally, and must continue to be, relatively stable. We would like to hold them as the market turned in our favour. It may be, of course, that those who point towards a further increase in building society rates will be proved to have been right. I believe that at the least it is premature to talk now with any assurance in these terms.

The Society is known for its efficiency, soundness and service. The figures which you have before you represent these qualities, and we shall continue to pursue them whatever the difficulties in the savings market and in the economy at large.

I beg to move

That the Directors' Report together with the Annual Accounts for the year ended 30th September 1976, certified by Messrs. Clark Pixley, Chartered Accountants, the Society's Auditors, be received.

The Vice-Chairman, Mr. A. D. Chesterfield, will second this motion.

(The resolution having been seconded was duly carried).

WOOLWICH
EQUITABLE BUILDING SOCIETY
London SE18 6AB

The problems of dam safety

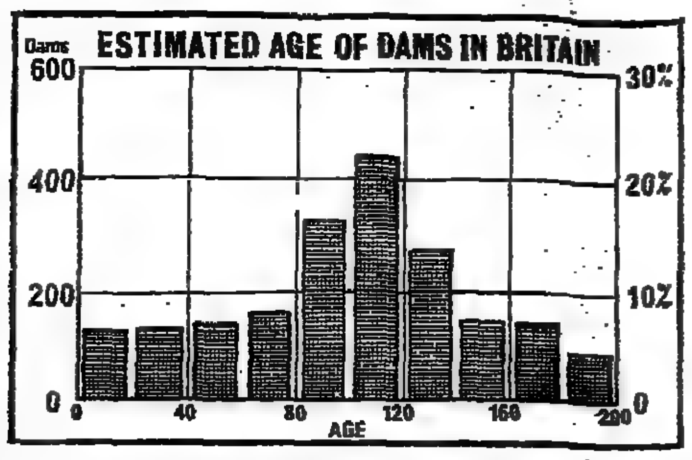
BY FABIAN ACKER

THE DAM at Buffalo Creek, Virginia, was built to hold the liquid refuse from a local mine; it was constructed haphazardly, it conformed to no known design, (its height was not even known), and the way in which the dam material (also mine waste) had been placed made failure inevitable. In fact, just slightly above average rainfall combined with melting snow resulted, in February, 1972, in the dam collapsing in a matter of minutes, hurling a wave of water and sludge on to the downstream hamlet, where the miners lived. Over 4,000 people were made homeless, and 125 died, drowned by water and black sludge generated by incompetence and ignorance.

The disaster need never have occurred, and this forced the U.S. Administration to push forward legislation already being demanded by Government engineers. The tragedy not only gave a new term to American psychiatry, the "Buffalo Creek syndrome," but also provided the start of a four-year debate on just how dams fit into the American way of life. The answers to this problem are still being debated: an element of urgency has been introduced into the debate by two more recent collapses, one of which led to 11 more deaths. At a recent American Engineering Foundation conference on dam safety held in California, it was learned that there are about 26,000 large dams (large in the sense of being more than 15 metres high) in the world, and countless other smaller ones, so many of the points made there will have universal application.

But how many dams are there in the U.S.? Two hundred years of independence and laissez-faire have led to a largely unrecorded dam "population"—unrecorded in that they did not appear on any register, no one knows who built them, and more alarmingly, no one knows how well or badly they were built. The Corps of Engineers (one of seven Federal dam building agencies) has recently completed a survey of 50,000 dams in the U.S. But although instructed to inspect every dam in the country by an Act of Congress passed in 1972, the Corps has failed to do so, because Congress failed to match its intent with money to implement it.

Some dams were found only by the use of a satellite survey, and some of these were found by aerial infra-red photography to be leaking. Although the Corps of Engineers, along with the Bureau of Reclamation (Burec) build and maintain their own dams with an expertise that is universally recognised, neither is infallible, as the collapse of the Burec's Teton dam in Idaho this year emphasised. How much more serious then, are the 43,000 which have not been built by government engineers. The Corps reckons that 20,000 of these are above areas of dense population, so that failure could result in many lives being lost. Some of these need immediate attention.



The basic engineering competence of the Federal agencies is not in question; the problem that is now exercising engineers, and is of concern to the increasing number of people at risk, is who will inspect and monitor the dams already built, and who will approve plans for new ones. Ten States have no laws governing dam inspection. Anybody who wants to can build a dam if he has a title to the land, and many landowners are doing so; the lakes and shorelines created in this way yield lucrative "leisure industries." Tennessee has an inspection law, but paradoxically, as the number of dams built is soaring, the funds set aside to finance inspection procedures are falling—down to zero this year.

Compiling an inventory of all the dams in a country is clearly a first step to seeing which of them are unsafe. In the U.S. this compilation has been made difficult by the long years of autonomy of the various States, while in Britain, the problem is compounded by the hundreds of dams which are more than a century old—the most venerable recorded is at Arlesford, Hampshire, and is 700 years old. Mr. A. I. B. Moffat from Newcastle University reckons that the average age of British dams is 108, and the absence of centralised records makes it very difficult to identify those which pose a high risk.

The British Reservoirs Act, 1975, which is still to be put on the Statute Book will eventually lead to a fuller inventory being taken, although there is some doubt whether this will be centralised, or kept in the hands of the local water authorities. But what worries Mr. Moffat is the much higher potential for failure that the dams in this country have, as a result of their age, compared with those in America. "Most failures occur either in the first few years of operation of a dam, or towards the end of its life. Most of ours have passed their infancy and got over their teething troubles in the 19th century. Now they are becoming senile, and the possibility of a collapse becomes stronger every day."

Both countries share the immense technical difficulty of, once having "found" an unregistered dam, determining whether it is likely to continue holding water safely for the next five or six years. Factors such as cracks in the dam face, or excessive silt in the downstream section point to the fact that something is not in order, but there are many structures which do not have such obvious signs and, when there are no records of the construction techniques, it is virtually impossible to discover what lies below the dam faces, and in what sort of condition it is.

When there are no obvious signs of deterioration, there are other techniques which may be used to evaluate the dam's safety. One involves taking samples from boreholes of the core material, and other important sections such as the foundations and the abutments. A new procedure outlined at the conference, which is likely to gain increasing acceptance for earth- and rockfill structures, is that of acoustic emission. Steel rods are driven deep into the structure, and microphones are attached to the protruding ends. Apparently there are sounds emitted at fairly regular intervals, which can be amplified and recorded for assessment. Recently completed experiments on dams which were deliberately made to fail, indicate that a meaningful picture of the dam's stability can be fairly easily gained by interpreting its acoustic emission.

In a guide for inspecting dams published by the United States Corps of Engineers, a system is advocated for the classifying of dams according to their hazard potential, indicating the likely loss of life and damage to property that failure would incur. Those in the lowest category, the guide suggests, need not be inspected, and those in categories two and three should be given "second and first priorities" in a dam inspection programme.

Mr. Moffat recommends using this classification in the U.K. Each dam could be given a "hazard index," because it is obviously a waste of time and money to inspect every dam with the same degree of care and attention. At an estimated cost of £2m. for the first year of inspection (which would be less for the subsequent years) the need for cost effectiveness is important. Even so, many feel that this figure may be seriously under-estimated.

Mr Acker is the Editor of Water Power.

مكرا من الاهل

Better year for Preussag

BY GUY HAWTIN

FRANKFURT, Dec. 14.

EUSSAG is set for far lthier results this year than reported in 1975. The nover-based metals and micals group announced lay that both turnover and fits in the first three quarters e shown a considerable provement on figures for the nparable period of last year. o-day's statement says that nings from the oil and micals sector, as well as those n the metals and transport tors, have been thoroughly sfactory. Performance in se fields has offset losses in group's construction and l operations.

Already at the end of the ond quarter this year ussag was reporting that ults were far better than last r. This was due not in small t to the shedding of its share-ding in the loss-making chtmetall aluminium smelting cern.

he group's January to tember external turnover lled slightly under DM1.87bn. 66.3m.) compared with 1.73bn. in the same period 1975. This represents an rease of about 7.8 per cent. hard figures on profits have n issued.

n the heavy and precious tals sector, performance dur- the third quarter remained erally good. Demand for lead tinued to be good, with ces in the London metal mar- up an average 3.1 per cent. DM adjusted terms against the previous quarter. Demand for zinc was weak as a result of expectations of a fall in prices.

Copper and cadmium prices were up an average of 0.7 per cent. and 6.3 per cent. respectively, while the silver price was back 3.2 per cent. The zinc price in September was 7.8 per cent. less than in June.

Business has not been altogether easy in the third quarter in the transport sector. However, the situation appears to have improved somewhat as far as the road tanker fleets are concerned and the group's inland waterways tanker fleets contended with reasonable success with problems such as the drought which reduced the waterlevel of the Rhine and hindered full loading.

In the oil and chemical sector, demand for natural gas went up by 28.2 per cent. in the third quarter compared with the same period of last year. Oil stocks were reduced by two per cent. on a similar basis of comparison. In the first nine months of the year the sector turnover was over DM299m. against DM243.3m. in the comparable period of 1975.

Investment by Preussag and its consolidated subsidiaries in the three quarters amounted to some DM180.4m. This is some DM9.4m. more than the sum invested in the first nine months of 1974, when the fact that the group has divested itself of its Leichtmetall holding is taken into account.

Wheelock bids in limbo

BY PHILIP BOWRING IN HONG KONG

HUTCHISON INTERNATIONAL to-day appeared to bow out of the prospective battle for Wheelock Marden. But it seemed as likely as not that the other party to the possible takover, Hong Kong Land Co., might also withdraw which could leave the Wheelock controlling management in the curious position of remaining in charge of a company which they had given every indication of wanting to dispose of. However, Hong Kong Land's position will not be known until to-morrow when its Board meets.

The Hutchison withdrawal statement said that "The amount of information with which it has been provided is, in its opinion and that of its financial advisers, insufficient to enable offer terms to be formulated."

Complaint

This complaint came as no particular surprise as both potential bidders have been murmuring for some time that it was proving very difficult to get what they regarded as the necessary information out of Wheelock and its financial advisers, Wardley Ltd.

Ten days ago, Wardley said that it had given all the information it considered reasonable, given the "potetnial damaging effects on the company of releasing commercial information to offerors which in certain business areas could be considered to be competitors." The requirements on giving information to prospective bidders are vague. The only stipulation here is that where there are two potential bidders, each should be given equal information.

This has certainly happened. The only problem is that it seems to have been rather sparse. Wardley argues that it has done all it reasonably can and given at least as much as, say, U.K. companies would be prepared to give in similar circumstances. The prospective bidders seem to feel that the circumstances are rather different as it was Wheelock which first put up the "for sale" notice by entering into discussions, announced on October 21, with Hong Kong Land for a merger. A few days after that Hutchison announced that it was entering the fray.

The reason why both Hutchison and Hong Kong Land are so exercised about the matter of information is that the Wheelock group's published accounts are singularly unforthcoming. And it is believed that relatively little additional information has been divulged. To the prospective bidders, the group structure is extraordinarily complicated with various inter-group loans which could seriously influence the real value of the company or, alternatively, make life very difficult for a bidder who did not gain the support of the management.

Schroders and Chartered are not prepared to say what information they have requested and have been denied. But it seems likely that in addition to not getting certain specific concrete information, they have also been unable to get even negative assurances on various matters.

Hutchison's statement says that it believes that given sufficient information "it could formulate terms likely to be of considerable advantage to Wheelock Marden shareholders." This might appear as a statement which begs the question, it is not entirely logical. It appears, however, to be an attempt to put pressure on Wheelock by suggesting that lack of information is proving disadvantageous to shareholders by holding up a bid. It does not, of course, suggest that were the information forthcoming it might result in bid terms rather less than the SHK2.675 a share at which Wheelock was trading to-day.

Hutchison has now appeared to rule itself out of any offer at all for Wheelock as a group, unless further information is forthcoming. Should Hong Kong Land be prepared to make an offer with the present level of information, Hutchison could hardly justify a counterbid to its own shareholders.

The net outcome seems to be that unless Hong Kong Land has its own sources of information, apart from Wardley, any offer it made would almost certainly be at a price substantially below that at which Wheelock has been trading. And even that might involve considerable risk on its part. Said one analyst: "Wheelock is just too big for punting on that scale." Of course, Hong Kong Land could punt and make a very low offer on the existing information, leaving Hutchison stranded in its present position. But a low offer might well be unacceptable to executive directors John Cheung and John Marden who control the majority of "B" shares—which have the same voting rights as "A" shares but are only one-tenth the value. Given that Messrs Marden, Cheung and associates have Board control of the various Wheelock group quoted subsidiaries which have huge sums on call with the parent, life could be very difficult and expensive for a bidder who attempted to appeal to ordinary shareholders over the heads of Cheung and Marden.

Non-event

What at first promised to be the greatest takeover battle in Hong Kong history may prove now to be a total non-event. While there was scepticism at first as to whether Hutchison was a serious bidder, the scepticism now is whether Wheelock has been a serious seller. Too many skeletons have emerged from its cupboard recently for a bidder to make a generous offer without being allowed a serious look at the books.

Ten days ago Wheelock announced that if a firm offer was not forthcoming by December 16 it would consider merger discussions terminated and would proceed with its own development plans. If Hong Kong Land fails to make an offer to-morrow attention will then be drawn to whatever the erstwhile sellers of Wheelock have in mind for the development and reorganisation of the company. Or just possibly, even in Hong Kong, there could be a shareholder outcry for release of information. Following last year's profit collapse and revelations of huge sharesales by Marden and Cheung esteem for the present management is low.

Singapore taps Japanese market

BY PAULINE CLARK

THE SINGAPORE Government is to float a Y10bn. bond on the Japanese domestic capital market in the second foreign Government issue to come to the market since the Ministry of Finance decided on its new one-a-month concession in November. The Singapore entry—the first to be made on the Japanese market by an Asian Government borrower—was preceded last month by Denmark which also raised a similar amount on the market.

The terms of the Singapore issue are rather better than originally expected. Favourable market conditions have enabled the bond's lead managers, Daiwa Securities and Nomura Securities, to reduce the coupon to 8.9 per cent. compared with the 9 per cent. rate on the Denmark bond. But otherwise, the terms are the same where the maturity is for 12 years and the issue price at par.

Market commentators point out that the Singapore bond has benefited from increased liquidity on the market, helped largely by the availability of long term funds in the banking system and because of a slowdown this month in the number of new bonds coming to the market. Also of significance to the market has been the new Government's assurances that it is intent on a policy of stimulating the economy followed by the Bank of Japan's hints at forthcoming reductions in the bank rate.

With the slowdown in the economy, there has also been some switching out of equities into fixed securities, although this trend has been restrained to some extent by financial institutions' obligations to retain a certain ratio in equities or funds on short term deposit to long term bonds.

But the current market climate in Japan is not the only attraction for foreign borrowers. The market's potential for offering further diversification to borrowers in the international capital market has been much enhanced this year after the Japanese authorities decided to allow one new foreign Government borrower a month into the market after the one every quarter policy pursued earlier this year. Denmark, which has been a heavy borrower in the Euromarkets already this year was an obvious candidate, and after the Singapore issue, a queue is said to have been forming with Mexico at the head. Early next year, the Overseas Development Bank of the U.S. is also expected to take advantage of this relatively untapped source of funds.

In 1977, however, liquidity in the market is expected to tighten with public authorities expected to raise an equivalent £10bn. in the market.

Honda's net income rises by 208%

TOKYO, Dec. 14.

NDA MOTOR COMPANY'S income was Y17.59bn. 71bn.) for the year ended gust 31. Net sales were 31.42bn. (Y567.24bn.), and net ome per share Y36 (Y12).

Honda said in its registration tement, which was filed with U.S. Securities and Exchange mmission, that net income e 208.2 per cent. from the eceding year due mainly to decline in the ratios to net es of cost of sales and selling, neral and administrative exnses.

Net sales rose 28.9 per cent. ice increases accounted for s than 5 per cent. of the nount of this increase.

In the domestic market, motor cle sales increased 8.9 per nt. to Y50.87bn., due to the introduction of a new small motor cycle called "Road Pal," Honda said.

Honda said that domestic sales of four-wheel vehicles rose 7.7 per cent. to Y166.90bn., reflecting the introduction in May of a new sub-compact car "Accord."

Sales of four-wheel vehicles overseas increased by 93.2 per cent. to Y188.77bn. due to higher sales in North America and Europe.

Sales of motor cycles overseas increased by 10.3 per cent. to Y242.22bn.

Cost of sales increased by 27.2 per cent. to Y507.74bn. However, the ratio of cost of sales to net sales declined from 70.4 per cent. in 1975 to 69.4 per cent. in 1976.

Reuter

Nestle profits should equal 1975 levels

By John Wicks

ZURICH, Dec. 14.

NET profits of the Swiss foodstuffs concern Nestle Alimentana of Vevey, will this year be "at the very least" equal to the 1975 figure of Sw.Frs.229.5m. The company therefore expects to be able to distribute again the gross dividend of Sw.Frs.65 per share paid last year.

The company, Switzerland's biggest industrial concern, reports a rise in consolidated group turnover so far in 1976 by 1.3 per cent. to Sw.Frs.15.4bn. (15.2bn.). In fact, sales volume increased substantially faster than is indicated by this growth rate in industrialised countries and even more so in the third world.

French car makers cautiously optimistic about 1977 prospects

PARIS, Dec. 14.

FRENCH CAR manufacturers are cautiously optimistic about their 1977 propects, but the outlook for the second half of the year is very uncertain, industry spokesman told Reuters.

The current strength of the private car sector is expected to continue into the spring, but after the nthe position hinges on the outcome of the Government counter-inflation plan, they said.

Most firms forecast improved results this year after sharp losses in 1975 but the heavy vehicle sector has been badly affected by weaker domestic and export sales in the past three months, they added.

Regie Nationale des Usines Renault said orders are currently strong the short-term outlook is good and it expects to return to profit this year after 1975's Frs.551m. loss. Production is forecast to reach a record 1.6m. vehicles this year (1.4m. last year), a spokesman said.

However, the company's overall performance next year will depend largely on results of the Government anti-inflation plan, which involves a three-month price freeze due to expire December 31, higher taxes and 1977 credit restrictions.

Last week industry sources said car manufacturers will be allowed to increase prices 5 per cent. in 1977. But the Renault spokesman said the company does not plan any immediate increase after the freeze ends and talks between industry and finance ministry have not yet been finalised.

A spokesman for Renault's heavy vehicle subsidiaries, ste. des Vehicules Industriels et d'Equipments Mecaniques (Saviem) and Automobiles M. Berliet SA, said the 1977 outlook is cloudy and recent sales declines have affected this year's results.

However, the Berlie spokesman stressed that the sector is not in crisis.

Philips to buy into Sabanci affiliates

BY METIN MUNIR

ISTANBUL, Dec. 14.

THE SABANCI group, one of the two biggest in Turkey, has reached agreement in principle to buy 35 per cent. of the shares of two Turkish affiliates of Philips, company sources told the Financial Times here to-day.

Negotiations on the price of the shares, said to total 85m. Turkish Lira (just over $5m.) are continuing. The agreement must be ratified by the Turkish Ministry of Finance before it can be concluded.

The affiliates in question are the Turkish Philips Trading Company, established in 1930, and Turkish Philips Industry, established in 1956, the company sources said. The latter is one of the biggest producers of radios, record players, tape recorders, loudspeakers, television sets and the like in Turkey.

The shares of these two companies are wholly-owned by Philips.

Philips has shares in two other companies with Turkish partners —Bastas, which produces light bulbs, and Estas, which manufactures refrigerators and washing machines. These companies are not included in the Sabanci-Philips deal, the company sources said.

If the deal is finalised it will have two major implications—first it will spread Sabanci, which is prominent in banking, textiles and fibres and yarn production, into electronics. Second, it will result in the expansion and diversification of the Philips manufacturing activities in Turkey.

Sabanci, which some say is the biggest private industry group in Turkey, is one of the most rapidly expanding in the world. Its financial, insurance, industrial, commercial and agricultural companies number over 60.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Early easiness on technical factors

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Dec. 14.

SLIGHTLY LOWER levels developed on Wall Street to-day, reflecting year-end technical factors and also some profit-taking. Analysts noted that the market advanced in six of the past seven sessions.

At 1 p.m. the Dow Jones Industrial Average was down 2.50 at 971.74 and the NYSE All Common Index came back 15 cents to $56.20, while declines led advances by a seven-to-five majority. Trading volume further decreased 740,000 shares to 12.59m., compared with 1 p.m. yesterday.

Closing prices and market reports were not available for this edition.

Inland Container slipped $1¼ to $27¾, actively-traded McDonald's gave way $1¼ to $51¼, IBM lost $1⅛ to $268¾, Texas Instruments declined $1½ to $103⅞, Getty Oil shed $1 to $193, Corning Glass were lowered $1¼ to $72⅝ and Bristol-Meyers dipped $⅝ to $66½.

American Hospital Supply retreated $1¼ to $28¼—the Securities and Exchange Commission has authorised its staff to seek injunctive action against it in connection with illegal or questionable payments.

Pillsbury led the active list and were off $⅜ to $40½, Commonwealth Oil followed, off $¼ to $8½, while Westinghouse were third, off $¼ to $16⅛.

Gold Mines were lower, with ASA down $¼ and Dome Mines lost $⅜.

The American SE Market Value Index gave way 0.25 to 103.11, while declines led advances by 249-to-203. Trading volume contracted 360,000 shares to 1.52m., compared with 1 p.m. yesterday.

MONDAY'S ACTIVE STOCKS

	Stock traded	Closing price	Change on day
Amer. Tel. Tel.	348,800	64	—
Texaco	323,000	27⅛	+⅛
Tandy	269,000	37⅞	−⅞
Gulf Oil	238,600	29	+⅛
Exxon	222,600	51⅞	+⅛
Gulf Western	217,400	15⅛	+⅛
Southern Co.	206,400	16	−⅛
Texas International	205,500	9⅛	+⅛
Inter. Tel. Tel.	197,600	33⅛	+⅛
Travelers	198,100	35⅛	+⅛

OTHER MARKETS

Canada easier

All sectors lost slight ground in light trading on Canadian Stock Markets yesterday morning.

The Industrial Share Index dipped 0.42 to 166.38, Golds 0.34 to 75.84, Western Oils 0.01 to 216.41, Utilities 0.89 to 137.12, Banks 1.03 to 223.18 and Papers 0.07 to 104.93.

Bell Canada declined $⅛ to $45⅞ and the Preferred "D" $⅛ to $48, but Northern Telecom gained $⅜ to $30¼.

PARIS—Generally higher following late active trading, probably from Institutional Investor buying.

The 48-hour strike by the Gas and Electricity Industries and a slight rise in unadjusted unemployment in November caused initial weakness.

Banks, Portfolios and Constructions all gained ground, but Foods and Motors weakened. Steels recovered.

Jacques Borel were lower on its expectation of a net consolidated 1976 deficit.

Foreign shares were mostly irregular. Americans were steady, while Germans, Dutch and Canadians weakened. Golds were mixed.

BRUSSELS—Broadly lower after moderate trading.

Steels declined, Electricals and Utilities were narrowly mixed, Non-Ferrous Metals lower. Chemicals and Oils were lower, while Holdings weakened.

U.S. shares were mixed in mostly lower Internationals. South African Golds declined. Dutch and German stocks gave ground, but French issues improved.

AMSTERDAM—Prices broadly eased.

Banks, Insurances and Transportations mostly eased, but Van Ommeren moved up Fls.2.50.

Dutch Industrials generally declined, but Ballast-Nedam Contracting gained Fls.1.80.

Bonds were steady. The Government announced a Bond issue (1978-1997) at 8.25 per cent.

GERMANY—Most shares lost ground in featureless trading.

VW lost another DM2.90 on market expectations it will again omit a dividend this year.

Major Banks and Electricals shed up to DM2.50, while major Chemicals and Steels were up to DM1.70 easier.

Among Heavy Engineerings, GHH declined DM2.50 and MAN DM1.30. Preussag dipped DM1, despite a rise in third quarter earnings.

Stores were mixed.

Public Bonds eased up to DM0.40, with the regulating Authorities buying DM9m. nominal of stock. Foreign Mark Loans were barely steady.

OSLO—Industrials and Shippings were mixed. Insurances barely steady, while Bankings were firm.

VIENNA—Shares declined in moderate trading.

COPENHAGEN — Generally higher after moderate dealings.

SWITZERLAND—Markets were broadly easier, prompted by pessimistic views on the Swiss economy by the Commission for Economic Research at the Swiss Economics Ministry and Schweizerische Kreditanstalt.

Financials mostly drifted lower and leading Industrials also gave ground.

Dollar stocks were generally very steady. Dutch Internationals barely steady, while Germans edged lower.

MILAN—Prices rallied in active trading, attributed to technical factors after problems derived from next Friday's settlement were apparently solved.

Bastogi and Italcementi were each marginally weaker, but Montedison firmed slightly—the three companies announced amalgamation of some of their engineering activities.

HONG KONG—Mixed in sharply decreased trading.

Swire Pacific "A" were down 20 cents to $HK9.30, Wheelock "A" 2½ cents to $HK2.675, Hong Kong Electric, 5 cents to $HK4.775, and Hong Kong Telephone, 10 cents to $HK29.50.

TOKYO—Slightly lower in moderate trading, while waiting developments at the Opec conference. Volume 190m. (210m.) shares.

Motors, Electricals and some Blue Chips levelled off on liquidations and profit-taking.

Cotton Mills eased on Press reports major Cotton Mills would cut production in the first quarter of next year to reduce stocks.

Constructions, Petrochemicals, Steels, Trading Houses, Department Stores and Real Estate also fell.

Chugai Pharmaceutical, however, added Y35 at Y790 and Toho Y310 at Y4,350.

Philip Morris improved 10 cents to $A7.70.

JOHANNESBURG—Golds continued to ease, following the lower London bullion fixing, but with little selling pressure.

Financial Minings were mixed to marginally firmer. Coppers were occasionally easier, while Platinums were little changed. Other Minerals wer firmer.

AUSTRALIA — Late buying helped most sectors regain ground lost Monday.

BHP firmed 12 cents to $A7.38 and CSR 10 cents to 3.60.

Pancontinental recovered 30 cents to 9.10 and Hamersley gained 8 cents to $A2.86.

Peko-Wallsend put on 3 cents to $A4.15 but Central Norseman lost 10 cents to $A2.50.

BH South, however, gave way 12 cents to 1.13 after announcing a planned Rights issue.

Banks were generally unsettled, with ANZ losing 10 cents to $A3.40, although National Bank rose 5 cents to $A2.60.

Indices

NEW YORK—DOW JONES

	Dec. 13	Dec. 10	Dec. 9	Dec. 8	Dec. 7	Dec. 6	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrials	974.24	973.15	970.74	965.95	960.89	961.77	1014.79 (21/9)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (8/7/32)
Home B'nds*	91.81	91.78	91.82	91.59	91.64	91.48	91.82 (8/12)	85.99 (15/7)	—	—
Transport	230.90	230.66	231.10	230.78	230.16	231.07	231.27 (14/7)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	106.44	105.70	105.57	105.19	104.77	104.20	105.70 (10/12)	84.2 (26/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	24,850	25,990	31,600	24,860	26,140	24,850	—	—	—	—

* Basis of index changed from July 1.

Ind. div. yield %	Dec. 3	Nov. 26	Nov. 22	Year ago (approx.)
	4.30	4.26	4.24	4.37

STANDARDS AND POORS

	Dec. 13	Dec. 10	Dec. 9	Dec. 8	Dec. 7	Dec. 6	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrials	116.22	116.57	116.19	115.86	114.97	115.12	120.89 (21/9)	101.64 (2/1)	134.54 (11/1/73)	3.52 (30/6/32)
†Composite	104.63	104.70	104.51	104.02	103.49	103.56	107.83 (21/9)	90.90 (2/1)	120.74 (11/1/73)	4.41 (1/6/32)

	Dec. 8	Dec. 1	Nov. 24	Year ago (approx.)
Ind. div. yield %	3.75	3.75	3.77	3.81
Ind. P/E Ratio	11.27	11.13	11.64	12.16
Long Govt. Bond yield	8.24	8.26	8.33	6.12

N.Y.S.E. ALL COMMON

Dec. 13	Dec. 10	Dec. 9	Dec. 8	1976 High	1976 Low
56.55	56.53	56.21	55.95	57.51 (21/9/76)	47.08 (2/1/76)

Rises and Falls	Dec. 13
Issues Traded—1,949	Up—855
Down—641	Same—453
New Highs 159	New Lows 8

		Dec. 13	Dec. 10	Dec. 9	Dec. 8	1976 High	1976 Low
MONTREAL	Industrial	166.16	166.51	165.66	166.66	207.65 (9/7)	161.54 (3/11)
	Combined	167.11	166.92	167.27	167.57	199.78 (20/5)	164.16 (3/11)
TORONTO	Industrials	168.60	167.01	167.40	168.02	187.45 (20/2)	162.72 (3/11)
JOHANNESBURG	Gold	178.4	178.1	180.7	178.6	226.7 (13/5)	115.5
	Industrials	176.7	176.1	177.0	175.3	195.0 (21/5)	174.6 (3/11)

	Dec. 14	Previous	1976 High	1976 Low
Australia (a)	453.56	450.71	522.63 (19/8)	404.99 (26/11)
Belgium (b)	94.63	95.49	113.18 (5/2)	87.15 (22/10)
Denmark (d)	99.31	98.78	117.70 (18/8)	98.43 (1/12)
France (e)	53.5	53.3	74.5 (6/5)	51.0 (1/12)
Germany (f)	710.8	725.5	821.7 (17/5)	687.7 (29/10)
Holland (g)	80.7	81.3	103.4 (5/2)	77.9 (15/10)
Hongkong (h)	416.71	417.22	465.55 (17/5)	354.65 (2/1)
Italy (k)	72.12	71.64	91.57 (23/4)	64.93 (10/11)
Japan (m)	383.46	384.06	394.53 (11/12)	326.28 (5/1)
Singapore (n)	247.91	246.24	256.10 (5/5)	238.35 (2/1)
Spain (p)	74.62	74.91	100.76 (7/6)	72.22 (11/11)
Sweden (q)	384.62	387.69	479.93 (5/6)	[illegible]
Switz'rl'd (r)	273.8	274.6	298.8 (14/5)	[illegible]

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10; (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73 (e) Paris Bourse 1961 (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970 (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966 (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport (e) Closed.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—115½% (116½%)

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

Pound weaker

Sterling failed to sustain its early advance in the foreign exchange market yesterday, falling sharply in the afternoon following publication of the November trade figures. Trading was fairly good throughout, with the pound gaining ground in the morning in anticipation of to-day's announcement of details about the loan from the International Monetary Fund and the Government's economic package.

Sterling opened at $1.6900 and touched a best level of $1.6920-$1.6930, before easing to $1.6850 at lunch. It declined to $1.6820-$1.6830 in mid-afternoon and fell to $1.6735-1.6755 following disappointment over the increased trade deficit last month, before improving slightly to close at $1.6755-1.6765, a fall of 55 points on the day.

The pound's trade-weighted average depreciation since the Washington Currency Agreement of December 1971, as calculated by the Bank of England, widened to 44.6 per cent. from 44.4 per cent., after standing at 44.2 per cent. at noon and 43.9 per cent. in early dealings.

The dollar's trade-weighted depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York on noon rates, widened to 0.69 per cent. from 0.57 per cent., and the U.S. unit tended to move in line with the pound over most of the day.

Gold gained $½ to $135-135½. The krugerrand's premium over its gold content narrowed to 2.69 per cent. from 3.42 per cent. for domestic and international delivery.

SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	Dec. 13	Dec. 10
Sterling	0.687427	0.689830
U.S. dollar	1.15419	1.15331
Belgian franc	42.2434	42.1938
Deutschemark	2.76544	2.76379
French franc	5.75970	5.74521
Italian lira	998.776	997.959
Japanese yen	339.563	340.803
Dutch guilder	2.88317	2.88212
Swedish krona	4.81535	4.81622
Swiss franc	2.83077	2.82838

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Dec. 14	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Fr'nkf'rt	—	2.394 395	48.01-06	6.542-549	4.039-045	95.55-96.02	97.63-68
N. York	41.72-74	—	20.08-05	2.7325 53	1.6755-6765	40.01-3	40.76 78
Paris	208.19-50	4.9957 9957	—	13.629-636	8.4015 4260	198.48 16	203.08 48
Brussels	15.25-29	36.56-60	7.32-34	—	61.51 64	14.63-67	14.84-92
London	4.01 02	1.6755 6765	8.36 37	61.15 35	—	4.17½ 18½	4.11-12
Am'rd'm	104.185 355	2.4962 87	50.0-05	6.8235-55	4.209-219	—	101.745-795
Zurich	102.42-56	2.4636-4643	49.16 19	6.705 7126	4.1155-1500	98.33-40	—

FARMING AND RAW MATERIALS

World sugar estimate increased

By Our Commodities Staff

WORLD SUGAR output in 1976-1977 was estimated yesterday to be 88.1m. tonnes by statistician F. O. Licht.

This is higher than his first estimate of 87.9m. tonnes and well above last year's production of 81.7m. London sugar prices eased fractionally on the news that it had been anticipated by traders on what has been a quiet market in recent days.

Licht now puts beet sugar production at 34.7m. tonnes (34.6m. his earlier estimate and 32.5m. last year) and cane sugar at 53.4m. (53.3m. and 49.1m. tonnes).

From Havana, Reuter reports that heavy rains in western and central Cuba have caused at least 15 sugar mills to postpone the beginning of the sugar harvest until the end of this month, according to an official newspaper.

Four of Cuba's 14 provinces are affected—Pinar del Rio, Havana, Mantanzas and Villa Clara. However, there are no indications that a prolonged drought affecting the eastern provinces has ceased.

Harvesting started late last month in the eastern province of Granma and is now going on in nine provinces. It was reported earlier last week that 20 sugar mills had started grinding. A total of 97 of Cuba's 147 mills were scheduled to start operations this month.

Fertiliser prices going up next year

THE FIRST in the round of fertiliser price increases forecast last month is announced by ICI today.

From January 1 all ICI straight nitrogen fertilisers go up by 10½ per cent. and compounds by an average of 8 per cent.

The fertiliser ranges affected include those of ICI Agricultural Division; Scottish Agricultural Industries; Richardsons in Northern Ireland, and Chafer and Hargreaves Fertilisers.

ICI said the higher prices are needed to cover the significant increase in production and distribution costs over the past 12 months.

Fisons and other fertiliser manufacturers are expected to announce similar price increases soon.

Government defends big rise in calf exports

BY PETER BULLEN

THE BIG rise in calf exports from Britain this year was shown by Ministry of Agriculture figures yesterday. In the first nine months of 1976, 154,129 calves were exported, compared with only 31,156 in the same period of 1975.

The rise in calf exports has alarmed many beef producers who have often been unable to compete with foreign buyers on prices for the better calves.

However, Mr. Gavin Strang, Parliamentary Secretary to the Ministry of Agriculture, said in Parliamentary reply that although the Government was concerned that the exports did not endanger the U.K.'s own beef production objectives, total exports so far had been more than balanced by a drop in calf slaughtering.

"This means that more calves have been retained for future beef production in the U.K. Moreover, calf exports have both earned foreign currency and have contributed to the buoyant calf market this autumn.

"This has helped dairy producers and suckler calf breeders, and should help to encourage an increasing supply of the type of calves needed both by home beef producers and for export.

"The present strong export trade in calves is fully compatible with an increased level of home beef production."

For the same nine-month period Ministry figures show that only 214,700 calves were slaughtered, compared with 413,500 in the same period of 1975.

Assuming that the total number of calves born was approximately the same in both years, this would indicate that just under 369,000 have been exported or slaughtered this year compared with nearly 445,000 in 1975.

Meanwhile Reuter reports from Tokyo that the Japanese Government is considering importing at least 10,000 tonnes more beef during the next few months. This would bring its total imports in the 1976 fiscal year up to last year's level of 75,000 tonnes.

Last month Japan announced it had cut back its beef import quota from 45,000 tonnes in the previous six months to only 20,000 tonnes to avoid confusion in the stabilised domestic meat market and to protect domestic livestock producers.

Mr. Takeo Miki, the Japanese Prime Minister, will be writing to Mr. Malcolm Fraser, the Australian Prime Minister, shortly in reply to a protest against the beef import cutback. It is expected that Japan will promise to do its utmost to expand its beef imports.

Trade sources in Tokyo put the Japanese import needs between now and the end of March at 10,000 to 15,000 tonnes of beef.

Earlier, an AP-Dow Jones report from Panama City said that the U.S. had doubled Panama's meat export quota to 5m. lb according to the Farm Development Minister.

Deal near on Japan wool store

OSAKA, Dec. 14.

THE JAPAN Wool Spinner's Association said wool spinners and importers would agree to a proposal to create an Australian wool store in Japan unless it incurred excessive warehousing costs, reports Reuter.

This qualified acceptance of the Australian proposal was conveyed to officials of the Australian Wool Corporation's Tokyo office at least Friday's first joint study meeting here.

An association spokesman said the AWC agreed with the Japanese wool industry and importers to form a joint study committee here to discuss storing Australian wool in Japan.

Industry sources said Japan has reversed its policy against having a store, because of wool supply shortages earlier this year caused by the seven-week strike of Australian packers and storemen.

An AWC representative in Tokyo said the official attitude to a stockpoint has been reported to AWC general manager Mr. M. Vawser. The decision to establish a store in Japan will be made at the AWC Board meeting, expected later this month.

The Japanese association said further studies, on rigid quarantine and foreign exchange regulations and other important questions, will be needed, before deciding on a wool store.

The AWC representative noted the storage costs in Japan are two-and-a-half times higher than rates paid by Australian shippers.

● In Port Elizabeth meanwhile the South African Mohair Board said the mohair clip for the 1977 summer season is expected to be some 2.3m. kilos compared with 2.03m. in the previous season.

Reviewing the outlook for the 1977 summer season, it said reports from the entire Angora area indicate grazing conditions are at present above normal for this time of year.

Grazing is abundant and the outlook for the first six months of 1977 is very good. But the rains need to be followed up urgently at present.

The Board said due to the excellent grazing conditions the summer clip is well grown and fleece masses normal to above normal. No abnormal stock losses occurred and the movement of angoras for slaughter is also below normal.

The kid crop was excellent and a fairly good quality of kid mohair will reach the market. Fineness for the summer clip is expected to be normal, while reports suggest that more producers will be marketing full-length clips.

Bolivia cotton crop rise

LA PAZ, Dec. 14.

BOLIVIA'S 1976-77 cotton crop is expected to yield 17,000 tonnes from a sown area of 33,000 hectares, Sr. Raul Salas, head of the Bolivian agriculture ministry's marketing department, said, reports Reuter.

This compared with 13,000 tonnes in 1975-76, after the Government withdrew support for small growers unable to repay State bank loans, and with a record 22,000 tonnes from 53,500 hectares in 1974/75.

Sr. Salas had been asked to comment on a U.S. Department of Agriculture estimate last week that Bolivia's 1976-77 cotton output would be 14,800 tonnes compared with 12,400 tonnes in 1975-76.

Main buyers of Bolivian cotton are Japan, Western European countries and the U.S.

See-saws in cocoa market

By Richard Mooney

REPORTS OF a failure on the French cocoa market brought a sharp recovery on the London terminal market yesterday.

At one stage Monday's £100 fall had been virtually recovered but prices fell back in the afternoon and the March position closed £38 up on balance at £1,906 a tonne.

The rumours said a French shipper had uncovered sales of about 15,000 tonnes but as only two of the houses reportedly involved were noted as aggressive buyers during the morning it may be that a substantial part of this figure has already been covered in the market.

The late decline of the market maintained the recent pattern of widely fluctuating price movements. This would tend to indicate a hesitant mood in the market but dealers have also noted that successive peaks and troughs have been lower than those going before.

This has been taken as an indication that an overall downward trend may now have taken over from the recent "bull" movement.

Farm land prices rise

Financial Times Reporter

THE VALE of farm land with vacant possession in England and Wales rose by an average of £95 an acres in the third quarter of this year, compared with the same period last year, according to a Country Landowners' Association survey published yesterday.

The survey shows an average value of £698 an acre, compared with £503 a year earlier. The tenanted land price was £341 an acre, against £283.

INDIAN JUTE GOODS STOCKS

CALCUTTA, Dec. 14.

Stocks of hessian and bags at Indian mills at the end of November totalled 145.6m. yards, equal to 38,700 tons. At the end of October the total was 146.4m. yards, equal to 39,400 tons.

Sacking stocks totalled 156.6m. yards (59,400 tons), at the end of November, against 157.6m. yards (71,300 tons) at the end of October. Other stocks totalled 28,200 tons (30,800).

Production of all kinds of jute goods, including government orders in November totalled 91,119 tons, against 79,854 in October according to Jute Goods Association.

CITRUS SUPPLIES

EEC tariffs threat to Spanish growers

BY A CORRESPONDENT

THE SPANISH citrus industry appears to have gained ground on its fight to stop rival fruit from Morocco crossing Spanish territory on its way to EEC outlets, where Spanish consignments are heavily penalised in relation to Moroccan.

Negotiations on the issue have been suspended while the Spanish Government looks more closely at its implications. Optimists see this as a face-saving move from which the Government will emerge more receptive to the Spanish exporters' case than it has been hitherto.

Basically the producers' case rests on the fact that Moroccan fruit attracts an EEC tariff of only 4 per cent., while that against Spain is 12 per cent. Moreover, pending the signing of an agreement between Morocco and the EEC, no official prices exist as a basis on which to reduce or withdraw tariff preferences that are in Morocco's favour.

Spain, on the other hand, stands to see tariffs against its exports to the EEC rise to more than 20 per cent. if it fails to maintain agreed price levels. Further gall for Spain is that it suspects the existence of a secret clause in an agreement between France and Morocco whereby France waives customs duties against Moroccan oranges and tomatoes.

Spanish citrus interests, which have become increasingly vocal in their protests, claim that to continue to allow the transit of Moroccan fruit under existing conditions could spell Spain's eventual extinction as an exporter to the Community.

In the face of such a prospect, it regards the Government's action in allowing Moroccan citrus to cross Spain as a betrayal of the industry.

Morocco, while seen as the principal competitor, especially on quality, is not the only one. Israel's exports have been rising fast, making that country, in Spanish eyes, the arch-rival on quality. Egypt's contribution to Mediterranean exports should be 220,000 tons.

At more than 200,000 tons, Greece's anticipated exports of navels have grown to around 10 per cent. of the quantity Spain needs to sell abroad out of its total harvest of some 3m. tons.

It was for Italy, however, that the term "declared enemy" was reserved recently in Valencia's leading daily, Las Provincias. Although financial incentives exist for the Italian industry to sell as much as possible of its 200,000-ton export quota outside the EEC, Spain fears that a further strengthening of the mark against the lira would see diversions on to the West German market.

● Spain's new Ambassador to the Common Market, Sr. Raimundo Bassols, told EEC leaders his country will apply for Community membership next year after the general election scheduled for March, Reuter reported from Brussels yesterday.

Israeli shipments lag behind

BY OUR OWN CORRESPONDENT

TEL AVIV, Dec. 14.

ISRAEL'S pre-Christmas exports of citrus this year are lagging behind those of 1975, due to the later ripening of Jaffas (shamoutis) and inclement weather at the beginning of this month which interrupted picking and shipping. However, exports of other fresh agricultural produce are being stepped up considerably.

Agrexco (the agricultural export company which handles all sales of fresh produce abroad other than citrus) reports that it is increasing the number of its weekly flights to Europe from seven to 10.

These flights, carried out by Jumbo Jets capable of carrying 105 tonnes of produce, go to Cologne Airport where special storage and handling facilities have been installed by the airport authorities.

The company has also chartered an additional vessel, capable of carrying 1,200 tonnes, for its Ashdod-Marseilles run, bringing the number of vessels to three.

The total quantity of produce to be shipped in the two weeks before Christmas is 6,000 tonnes, mainly avocado pears, capsicum, tomatoes, celery and flowers. Prices are stated to be 20 per cent. above last year's at present.

For the future Israel is developing a new strain of orange which is now being tested for disease-resistance by the Ministry of Agriculture. If these tests prove satisfactory, grafts will be made available to citrus growers next summer.

The new strain is stated to ripen a month earlier than shamoutis, to peel more easily and to remain unspoiled for a longer period, in addition to having a richer aroma.

Israeli growers are constantly experimenting with new strains with particular attention to easily-peeled varieties of the type known in the trade as "soft-fruit."

U.S. cuts maize exports forecast

WASHINGTON, Dec. 14.

THE U.S. Agriculture Department has raised its 1976-77 maize export projection by 50m. bushels, but lowered its wheat export forecast by the same amount, reports Reuter.

In its latest supply and demand report the Department put maize exports at 1,650m. bushels against 1,600m. a month ago and wheat at 1,000m. bushels against 1,050m.

U.S. mill use of cotton in 1976-77 is expected to total around 6.7m. bales, up slightly from the 6.6m. forecast a month ago, with exports projected at around 4.6m. bales against 4.3m.

The wheat export estimate has been lowered because large crops around the world suggest some decline in import demand and greater export availabilities in the hands of rival exporters, the Department said.

However, maize export projections are raised because of a stronger demand in Western Europe which has more than offset a recent 16m. bushel sales cancellation by the USSR.

No changes were made from the previous report in the estimated use of oats, barley, sorghum and rice.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Steady on the London Metal Exchange with the day's main movements caused by fluctuations in sterling. The contango narrowed, reflecting expectations of an easing in domestic interest rates. After opening at £785, some influential buying, which triggered other purchases, lifted forward metal to £793, but in the afternoon a weak Comex opening caused the price to slip down. Later Comex improved and the pound declined, causing an advance to £797. The closing price on the Kerb was £795.5. Turnover: 11,225 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	756.5-9	—1	763-4	[illegible]
3 months	790.5-1	—2	795-6	+1.75
Settlem't	759	—1	—	......
Cathodes				
Cash	745.5-7	—2	750.5-1.5	+4
3 months	778-.5	—5	781.5-2.5	+2.75
Settlem't	747	—2	—	......
U.S. Smt.	—	......	—	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £759, 58.5; three months £786, 88, 89, 92, 91, 90.5. Cathodes: Cash £746.5, 47; three months £778. Kerb: Three months £790.5, 90. Afternoon: Wirebars: Three months £793, 93.5, 94, 95. Kerb: Three months £795, 95.5, 96, 96.5, 96, 95.5.

TIN—Marginally higher, influenced by the movement of the pound. In pre-market dealings, forward tin traded down to £5,050 but at this level some buying interest emerged to push the price up to £5,100. As the pound went down there was further advance to £5,115, but thereafter the market drifted to close on the Kerb at £5,090. Turnover: 645 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	
Cash	4935-40	—25	4960-5	+22.5
3 months	5115-20	—19.5	5115-25	+15
Settlem't	4940	—25	—	......
Standard		......		......
Cash	4935-40	—25	4960-5	+22.5
3 months	5095-100	—25	5100-5	+12.5
Settlem't	4940	—25	—	......
Straits E.	$1,282½	+6½	—	......
New York	—	......	—	......

Morning: Standard: Cash £4,940, 45, 50, 40; three months £5,090, 95, 100, 105. High Grade: Three months £5,125, 20. Kerb: Standard: Three months £5,095, 95. Afternoon: Cash £4,965; three months £5,115, 05, 1,000, 10, 05. Kerb: Three months £5,103, 5,100, 5,095, 90.

LEAD—Very steady despite an easier start pre-market when forward metal traded at £292. Later the price gained ground, influenced by sterling considerations, and closed on the Kerb at the day's high of £295.5. Turnover: 1,960 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	281.25-.5	+.625	282-3	+2
3 months	293.5-.75	+.875	295-.5	+2
S'ment	281.5	+.5	—	......
N.Y. Spot	—	......	—	......

Morning: Cash £281.25; three months £293, 93.5. Kerb: Cash £281.3; three months £294, 93.5. Afternoon: Three months £294, 95, 95.5. Kerb: Three months £295.5, 96, 95.5.

ZINC—Slightly easier. The forward metal price started lower at £403 owing to the strength of sterling but general buying interest caused an advance to £408. In moderate trading the price subsequently eased to close on the Kerb at £406.5. Turnover: 3,800 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	390.5-1	+.25	389.5-90.5	—2
3 months	407-.5	+.5	406-7	—1.875
S'ment	391	......	—	......
Prm. West	—	......	—	......

Morning: Cash £390, 90.5; three months £406, 07, 08, 07.5. Kerb: Three months £407, 06.5. Afternoon: Cash £390; three months £408, 07.5, 07. Kerb: Three months £407, 06.5.

* Cents per pound. † On previous unofficial close. ‡ $M per picul.

SILVER

Silver was fixed 1.1p an ounce lower for spot delivery in the London bullion market yesterday, at 257.05p. U.S. cent equivalents of the fixing levels were: Spot 435.2c, down 0.9c; three-month 439.5c, down 0.3c; six-month 446.3c, up 0.3c; and 12-month 458.7c, up 1.9c. The metal opened at 256½-257½p (434-436c) and closed at 261-262p (437½-439½c).

SILVER per troy oz.	Bullion fixing prices	+ or —	L.M.E. close	+ or —
Spot	257.05p	—1.1	261.25p	+5.25
3 months	267.15p	—1.2	271.4p	+5.5
6 months	277p	—1.1	—	......
9 months	—	......	285p	+5.5
12 months	295.5p	—0.8	—	......

LME—Turnover 130 (85) lots of 10,000 ozs. [illegible]

COCOA

Prices moved sharply higher initially in nervous trading conditions. Later in the day profit-taking cut much of the gains, reports Gill and Duffus.

[illegible]

GRAINS

THE BALTIC—A limited tonnage of EEC wheat was traded for first-half Jan. shipment to the West Coast U.K. but other imported grains were neglected with prices generally showing little change. [illegible]

HGCA—Location ex-farm spot prices: Feed wheat: N.E. England £81.35, Berks and Oxon £82.70. Feed barley: N.E. England £78.20, Berks and Oxon £79.90.

The U.K. monetary coefficient for the week beginning December 20 is expected to remain unchanged.

LONDON GRAIN FUTURES MARKET (GAFTA)—Wheat, steady. Close: Jan. 83.70, March 85.85, May 88.40, Sept. 92.80, Nov. 94.85. Business: Jan. 83.70-83.45, March 85.90-85.70, May 88.40-88.10, Sept. 91.95, Nov. 94.60-94.80. Sales: 182. Barley, steady. Close: Jan. 80.50, March 83.10, May 85.85, Sept. 89.80, Nov. 92.45. Business: Jan. 80.55-80.25, March 83.15-82.93, May 85.85, Sept. 89.80-89.35, Nov. nil. Sales: 85.

EEC DAILY IMPORTS LEVIES and premiums effective December 15, in order current levy plus Jan., Feb. and March premiums, with previous in brackets. In units of account per tonne: Common wheat—84.96, rest nil (84.98, rest nil). Durum wheat—139.42, rest nil (139.45, rest nil). Rye—59.97, nil, nil, 4.14 (58.84, nil, nil, 5.64). Barley—49.74, rest nil (49.74, rest nil). Oats—53.67, rest nil (53.67, rest nil). Maize (other than hybrid for seeding)—57.90, rest nil (56.77, rest nil). Buckwheat—All nil (All nil). Millet—55.92, 1.13, 1.13, 1.50 (55.92, 1.13, 1.13, 1.50). Grain sorghum—57.42, rest nil (57.43, rest nil). Also for flours: Wheat or mixed wheat and rye—130.29 (130.29). Rye—95.26 (93.67).

COFFEE

Robusta futures closed slightly easier with values £3 to £31 down from the previous close. Dealers said the easier close which took values down to the day's lows stemmed from New York's disappointing opening. This prompted profit-taking and some liquidation during the final session while an easier cocoa terminal also affected sentiment.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	2480-484	—15.50	2515-480
March	2532-535	—3.00	2567-532
May	2551-553	—14.50	2593-540
July	2561-562	—20.50	2605-565
September	2565-580	—29.00	2601-585
November	2572-580	—25.50	2600-590
January	2570-580	—51.50	2600-570

Sales: 2,736 (2,768) lots of 5 tonnes.

ICO Indicator prices for Dec. 13 (U.S. cents per pound): Colombian Mild Arabicas 204.00 (200.00); unwashed Arabicas 209.00 (197.00); other Mild Arabicas 204.93 (199.83). Robustas 198.75 (194.00). Daily average 201.64 (196.47).

RUBBER

STEADIER opening on the London physical market. Good interest throughout day, closing firm. Lewis and Peat [illegible]

SOYABEAN MEAL

[illegible]

SUGAR

LONDON DAILY PRICE (raw sugar) £116.00 (same) a ton cif for Nov.-Dec. shipment. White sugar daily price was fixed at £147.00 (same).

Prices tended to consolidate as sellers appeared reluctant at the lower levels, reports C. Czarnikow.

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

JUTE

[illegible]

PALM OIL

[illegible] nom., Feb. 282.00-85.50, April 282.50-85.75, June 285.00-86.25, Aug. 286.00-87.50, Oct. 280.00-86.00, Dec. 280.00-86.00. Sales: One lot.

GRIMSBY FISH—Supply poor, demand good. Prices per stone at ship's side unprocessed: Shelf cod £3.20-£4.00, codlings £2.00-£3.30, large haddock £3.50-£4.20, medium £3.30-£3.60, small £2.70-£3.10, large skinned dogfish £4.00, medium £2.80, rockfish £2.10-£2.65, reds £1.60-£2.25, saithe £3.20-£3.50.

COPRA, Philippines—Jan. and Feb. $395 to $400 resellers, per tonne, cif North European ports.

S. Africa in Brazil deal

By Richard Rolfe

JOHANNESBURG, Dec. 13.

THE SOUTH African fertiliser manufacturer Federale Kunsmis has negotiated long-term contracts with Brazilian interests to supply phosphoric acid from its R35m. acid plant in the northern Transvaal which came on stream last week.

The first shipment is due to leave the new port of Richards Bay in Natal in mid-February, in special tankers of 20,000 tonnes capacity which have been chartered from Odjfell of Norway on a 10-year basis. Stocks of clear acid are currently being built up prior to commencement of deliveries.

FRESH NZ MILK FOR SINGAPORE

By Dai Hayward

WELLINGTON, Dec. 14.

NEW ZEALAND has started exporting fresh milk by air to Singapore. Until now the bulk of Singapore milk supplies has come from recombined, condensed milk or milk powder. Recombining plants in Singapore manufacture liquid milk from imported milk powder. Now the New Zealand Board has started exporting frozen, fresh milk direct from New Zealand packed in 25 kg high density polythene containers.

PRICE CHANGES

Prices per ton unless otherwise stated.

[illegible]

FINANCIAL TIMES

Dec. 13	Dec. 10	[illegible]	[illegible]
244.68	245.87	248.71	171.56

(Base: July 1 1952=100)

REUTER'S

Dec. 14	Dec. 13	[illegible]	[illegible]
1548.9	1543.4	1548.7	1168.3

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Dec. 13	Dec. 10	[illegible]	[illegible]
Spot	357.07	361.60	[illegible]	[illegible]
Futures	361.58	365.65	[illegible]	[illegible]

(Average 1924-25-26=100)

MOODY'S

Moody's	Dec. 13	[illegible]	[illegible]	[illegible]
Spie Comm	845.2	849.5	823.6	[illegible]

(December 31 1931=100)

COTTON—Liverpool. Spot and shipment sales amounted to 44 tonnes, bringing the total for the week so far to 45 tonnes, reports F. W. Tattersall. Few contracts of importance were reported, although some spinners were looking ahead to spring requirements. Operations centred on Middle Eastern and Latin American growths.

U.S. Markets

Limit gains in coffee; grains firm

NEW YORK, Dec. 13.

COPPER closed unchanged after a dull and featureless session. Grains closed steady on USDA expectations of lower wheat exports. Silver rallied on the close on local short-covering. Coffee closed limit up on trade buying. Cotton closed limit down on a larger than expected USDA crop report. Bache reports.

Cocoa—Ghana spot 154½ (158½). Bahia spot 152½ (156½). Dec. 140.50 (145.65), March 137.85 (141.85), May 132.05, July 127.45, Sept. 123.20, Dec. 110.45, March 105.60, May nil. Sales: 987.

Coffee—"C" Contract: Dec. 202.00-204.90 (198.90), March 202.50 bid (196.56), May 203.00 bid, July 203.01 bid, Sept. 203.10 bid, Dec. 198.36 bid, March nil. Sales: 202.

Copper—Dec. 55.40 (55.30), Jan. 55.50 (55.50), Feb. 55.90, March 59.30, May 60.30, July 61.20, Sept. 62.10, Dec. 63.10, Jan. 63.60. Sales: 1,653.

Cotton—No. 2: March 77.80 asked (79.60), May 78.35 asked (80.35), July 77.47, Oct. 70.60-70.90, Dec. 67.05-67.12, March 67.20 bid, May 67.15 bid. Sales: 2,450.

†Gold—Dec. 133.90 (139.30), Jan. 136.10 (138.60), Feb. 135.40, April 137.40, June 138.40, Aug. 139.60, Oct. 140.90, Dec. 142.20, Feb. 143.30, April 144.80. Sales: 10,519.

Greasewool—Spot 170.0 bid (same), Dec. 165.0-167.50 (165.0), March 168.5 bid (168.1), May unquoted.

†Lard—Chicago loose 19.50 nom. (19.50), New York prime steam 21.00 nom. (same asked).

†Maize—Dec. 243½-244 (244½), March 251½-252½ (253), May 257-258½, July 260½-260, Sept. 259½-260, Dec. 257.

‡Platinum—Jan. 150.60 (154.80), April 152.40 (157.00), July 154.60, Oct. 157.30, Jan. 159.50, April 163.00. Sales: 1,400.

‡Silver—Spot unavailable (440.00), Dec. 435.30 (437.90), Jan. 436.50 (436.80), Feb. 438.50, March 440.50, May 444.50, July 448.50, Sept. 452.60, Dec. 459.60, Jan. 461.90, March 466.40. Sales: 13,600.

*Soyabeans—Jan. 692-691 (696½), March 695½-696 (700), May 690-699, July 682-681, Aug. 665½-669, Sept. 644, Nov. 622½-623, Jan. 627½.

§Soyabean Meal—Dec. 198.70-198.90 (200.80), Jan. 199.10-199.40 (201.10), March 201.00-201.20, May 199.00-199.50, July 197.50, Aug. 195.00-196.00, Sept. 190.00-190.50, Oct. 179.50, Dec. 180.50-181.00, Jan. 180.50-181.50.

Soyabean Oil—Dec. 21.25 (21.52), Jan. 21.35-21.33 (21.63), March 21.60-21.57, May 21.65-21.62, July 21.65-21.70, Aug. 21.50-21.45, Sept. 21.15-21.10, Oct. 20.50-20.55, Dec. 20.45, Jan. 20.45-20.55.

Sugar—No. 11: Spot 7.65 (8.03), Jan. 7.60-8.00, March 8.27, May 8.65-8.64, July 8.92-8.95, Sept. 9.08, Oct. 9.14-9.13, Jan. unquoted, March 9.41-9.44, May 9.53-9.55. Sales: 2,554.

Tin—384.00-390.00 asked (same).

**Wheat—Dec. 264½ (263½), March 274½-274 (272½), May 278½-279, July 281½-282, Sept. 287½, Dec. 296½.

WINNIPEG, Dec. 13. ††Rye—Dec. 229½ bid (231½ bid), May 96.00 (97.40), July 99.10 asked.

¢Oats—Dec. 125 (125½), May 80.10 asked (80.20 asked), July 81.70 nom.

§Barley—Dec. 191 bid (193½), May 90.50 bid (90.60), July 92.50 asked.

dFlaxseed—Dec. 674 bid (684 bid), May 276.00 (279.50 bid), July 280.00 asked.

Wheat—SCWRS 13.5 per cent. protein content cif St. Lawrence 356½ (359½).

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. † $'s per troy ounce—100-ounce lots. † Chicago loose $'s per 100 lbs—Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡ Cents per troy ounce ex-warehouse. § New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ‡ $'s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. ** Cents per 60-lb bushel in store. †† Cents per 56-lb bushel ex-warehouse. 5,000 bushel lots. ¢ Cents per 24-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel, ex-warehouse, 1,000-bushel lots.

I.G. Index 01-351 2466

April/June Rubber 60.45-61.05

STOCK EXCHANGE REPORT

Earlier losses extended following poor trade figures

Share index down 9.4 at 324.3—Golds ease again

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Nov. 29	Dec. 9	Dec. 10	Dec. 21
Dec. 13	Dec. 30	Dec. 31	Jan. 12
Jan. 4	Jan. 13	Jan. 14	Jan. 25

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets sustained a fairly severe reaction yesterday after the recent good run-up. Already on a downward path in highly sensitive trading conditions pending the outcome of to-day's mini-budget, leading equities were marked down by around 4 or 5 in the late dealings following the *announcement of the extremely* poor trade figures for November. However, no further selling developed and final quotations in most cases were well above the worst. Down 8 points at 3 p.m., the F.T. 30-share index eased further to close a net 9.4 lower at 324.3

It was a similar story in the Gilt-edged sector where prices were occasionally showing falls to ¾ in after-hours' dealings before ending with losses of ½ on balance. The Government Securities index lost 0.14 to 58.87.

Secondary issues followed the leading equities. Nevertheless, there were a few noteworthy rises, mainly in response to company trading statements. Overall dullness was reflected in the 3-1 ratio of falls to rises in F.T.-quoted Industrials, while the F.T.-Actuaries All-Share Index gave up 2.3 per cent. to 140.18. There was a further improvement in activity as measured by official markings of 5,770 compared with 5,514 on Monday and 4,640 a week ago.

Gilts react late

Awaiting the November trade figures in calm and orderly fashion, the market in British Funds reacted nervously after the 3.30 p.m. announcement before steadying again in the late trading. Reflecting the importance attaching to the trade returns and to-day's statement by the Chancellor, business was of course subdued, but little of the ground recently gained was shed until yesterday's news. Dealers then marked most high-coupon longs down by ½ and more, but ensuing interest contained little selling and late in the day the falls were reduced to a maximum of ½. Tight conditions in the money market were an additional worry to the shorts, but such was the underlying trend that final losses were minimal with selected low-coupon issues even making progress on balance.

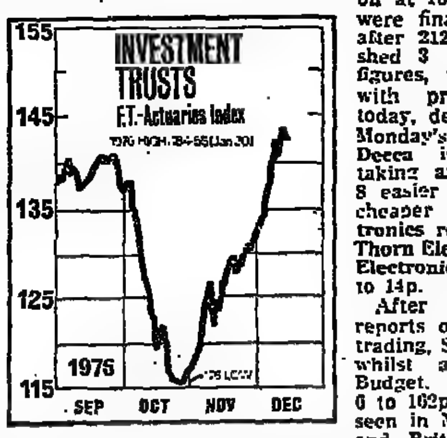
A more lively business in investment currency constituted both institutional and arbitrage interest which caused the premium to fluctuate between 116½ and 114½ per cent. before a close of ½ down on the day at 115½ per cent. Yesterday's S.E. conversion factor was 0.7197 (0.7152).

Banks drift lower

The big four banks failed to extend Monday's good gains on the deferment of the payments of special deposits as profit-taking in front of to-day's mini-Budget took prices lower. The dismal trade figures knocked a couple of pence more off in the after-hours business but a late rally helped them close a little above the lowest. Barclays gave up 7 to 225p as did Lloyds, 185p, and Midland, 235p, but National Westminster closed only 4 off at 203p. Discounts turned lower in places with Smith St. Aubyn 4 down at 56p.

Insurances succumbed to the general trend and closed with widespread losses. Sun Alliance, 333p, and "Royals," 236p, lost 8 and 6 respectively. C. T. Bowring receded 3 to 58p and Brentnall Beard at 45p, gave up a penny of the previous day's rise of 4 which followed the results. Stenhouse halved an early loss of 2 at 90p following the preliminary figures.

In line with the general downtrend in Breweries, Arthur Guinness reacted to close unchanged at 114p after touching 117p on the better-than-expected preliminary profits. Burtonwood improved 5 to 78p in a thin market but elsewhere prices lost ground in front of to-day's mini-Budget. Bass Charrington shed 5 to 74p as did Vaux to 220p; the latter's interim results are due to-morrow. Losses of 2 were seen in Allied, 54p, Scottish and Newcastle, 44p, and Whitbread "A," 37½p. Ahead of to-morrow's half-year results, Distillers cheapened 4 to 113p. Arthur Bell, a firm market of late, lost 8 to 148p.



In lacklustre Buildings, A.P. Cement shed 3 to 131p, while RMC, 62p, and Rugby Portland, 41p, shed 2 apiece. Elsewhere, Beechwood Construction eased a penny to 15p on the first-half profits setback. Timbers provided a couple of contrasting movements following interim statements, Montague L. Meyer closing 2 easier at 44p and Phoenix, on the substantially improved first-half profits, improving 4 to 60p.

Standing at around 303½p ahead of the trade figures, ICI reacted afresh to 298p on them before closing 8 cheaper on balance at 306p. Fisons ended 11 off at 287p, after 285p, while Albright and Wilson eased 2 to 81p and Laporte declined 3 to 77p. Reflecting Overseas advices, Akzo were lowered 25 to 875p.

Philips' Lamp featured Electricals with a fall of 40 to 835p xd on some domestic and U.S. selling, while General Electric finished 2 off at 163p, after 158p, and EMI were finally 3 cheaper at 217p, after 212p. Ward and Goldstone shed 3 to 73p on the interim figures, while United Scientific, with preliminary results due today, declined 6 to 128p. After Monday's speculative rises of 16, Decca issues attracted profit-taking and the Ordinary closed 8 easier at 234p and the A 10 cheaper at 222p. Racal Electronics reacted 6 to 226p as did Thorn Electrical A, to 170p. British Electronic, however, edged up 2½ to 14p.

After recent strength on reports of buoyant pre-Christmas trading, Stores turned reactionary whilst awaiting to-day's mini-Budget. Gussies "A" reacted 6 to 162p, while losses of 5 were seen in Marks and Spencer, 89p, and British Home Stores, 131p. Martin The Newsagent, at 96p, gave up half of the previous day's gain of 4 which followed the preliminary report, while similar declines were seen in Debenhams, 59p, and F. W. Woolworth, 47½p. K. O. Boardman International closed marginally cheaper at 7½p following the half-yearly report, while other casualties included Hepworth "B," 3 off at 27p, and Mothercare, 8 cheaper at 158p. Of the isolated firm spots, Audiotronic hardened 3 to 31p and W. H. Smith "A" rose 4 to 300p.

Hawker were more volatile than other Engineerings and slipped to 408p before closing a net 8 lower at 410p. GKN, 264p, and Tube Investments, 290p, were 4 easier, while after-the-event profit-taking brought Stavely Industries back 3 to to 155p and Edbro down 4 to 100p. Davy International gave up 5 to 140p, but news items encouraged several firm spots which included Record Ridgway, up 10 at 60p on impressive results, and Christy Bros., 3 higher at 27p following the WGI acquisition of a 28.66 per cent. stake; the last-mentioned slipped 3 to 82p. Good first-half figures lifted A. Cohen 5 to 145p and United Spring were 1 harder at 13p after the increased profits. Serck, on the other hand, gave up 1½ at 41½p, after 44p, despite better annual results, and George Whitehouse eased ½ further to 10p, still reflecting the dividend omission and loss. Elsewhere, Jones and Shipman rose 5 to 62p and Amalgamated Power 2½ to 33p. CompAir, 64p, and Westland Aircraft, 53½p, were both slightly cheaper awaiting their respective preliminary statements, due to-day.

Foods joined in the general decline, Tate and Lyle retreating 8 to 250p, and J. Lyons, 42p, Associated Dairies, 176p and United Biscuit, 113p, all losing 4. The prospect of a bread price war in the New Year as a result of the Department of Prices new controls unsettled Millers: RHM finished 2½ easier at 33p, while Spillers, 23½p, and Associated British Foods, 44p, shed 1½ apiece. Northern Foods gave up a penny at 62p in front of to-morrow's preliminary results. FMC, however, moved up 3 to 36p in response to the substantially improved interim figures. Kraftco were raised 1½ points to £34½. Supermarkets drifted lower in quiet trading. Grand Metropolitan led Hotels and Caterers into lower ground with a fall of 3 to 53p. Wheeler's fell 5 to 90p, while Ladbroke, 89p, and Trust Houses Forte, 95½p, both closed around 2 cheaper. Savoy A, however, edged up a penny to 38p with the help of Press comment.

Misc. leaders down

Monday's firm start to the new account proved short-lived as the Miscellaneous Industrial leaders turned sharply lower yesterday on *profit-taking in front of to-day's* mini-Budget. Falls were accentuated in the later stages following the dismal trade figures but a subsequent rally helped prices close off the bottom in places. *Glaxo, however, failed to pick* themselves up and closed 15 down at the day's lowest of 380p and Pilkington Brothers ended 11 off at 247p. Beecham came to rest 8 off at 364p, after 360p, and Unilever, 408p, after 404p, and Boots, 109p, after 108p, both closed 4 down. Reckitt and Colman lost 7 to 313p and Reed International 6 to 176p. Hong Kong based Wheelock Marden fell 3½ to 44½p on the disclosure that Hutchison International is not bidding for the company after all, while I. C. Gas, at 306p, lost 6 of its recent good rise following the interim results. Dobson Park Industries were 17½ lower at 37½p after trading news. Falls of around 3 were recorded in B. B. and E. A., 38p, De La Rue, 230p, Hanson Trust, 105p, and Charles Hill of Bristol, 88p, while Ozalid ran back 4 to 91p. Dealings in United Industrial were suspended with the price at 5p after market hours at the company's request pending clarification of the company's position.

Apart from Lucas Industries, 6 off at 190p, after 188½p, Motors and Distributors closed little changed. Dowty closed without alteration at 88p following a reasonable turnover, but Group Lotus eased a penny to 18p and Dunlop receded 2 to 69p. Jessups rose 1½ to 16p in a thin market.

Newspapers with North Sea oil content weathered the 3.30 p.m. squall and Thomson closed only 3 easier at 370p, after 365p, while Daily Mail A were the same amount cheaper at 155p and Associated 2 off at 105p. Against a similar background in Paper/Printings, Bemrose, on Press comment, rose 4 to 33p. Oxley Printing were another minor feature at 72½p, up 2, but Chapman (Balham) shed 5 more to 60p

BP react again

British Petroleum moved down in company with overnight Wall Street advices but after falling to 730p picked up to close 10 lower on balance at 738p. Most other Oils followed a similar pattern and Shell rallied from 418p to end a net 6 cheaper at 422p, while Royal Dutch shed ½ to £40½. Burmah, on the other hand, were resilient on the presence of a substantial buyer and finally improved the turn to 41p, after 39p, while British-Borneo rose 8 to 124p following a revived demand. LASMO/SCOT issues lost 5 apiece to 243p and Tricentrol eased 2 more to 82p; the latter's dividend statement was not really a factor.

Affected by the surrounding malaise, Properties reacted but often reduced the losses in the final dealings. Because of the prevailing conditions neither Haslemere Estates, 4 lower at 153p, after 151p, nor Property Holding, 6 down at 202p, made any response to increased half-yearly profits. Among other heavier-priced issues, United Real fell 9 to 177p and Hammerson A came back 8 to 287p, while Great Portland shed 4 to 202p. Land 128p, after 127p, and MEPC, awaiting tomorrow's preliminary statement, were similarly easier at 46p, after 45p. Contrasting movements were recorded in Chesterfield, 138p, and Nolton Estates, 44p, both up 2.

Overseas Traders adopted no set pattern. Inchcape, a firm market of late, reacted 10 to 423p, while S. Hoffnung, 77p, and Gill and Duffus, 187p, lost 3 and 6 respectively. Of the firm spots, Steel Bros. rose 8 to 190p and S. and W. Berisford improved 7 to 140p.

Trusts and Financials seesawed in fairly busy trading and the closing trend was mixed. Derby Capital added 5 at 82p and Estate Duties gained 3 to 179p but Charterhouse at 40p, lost 3 of the previous day's gain of 5 ahead of to-morrow's preliminary results. Hampton Trust edged forward a penny to 6p and Smith Bros. hardened 2 to 38p.

Shippings developed a gentle downward drift with P & O Deferred closing 4 lower at 112p, after 111p. Walter Runciman gave up 7 to 108p and Ocean Transport were 4 lower at 127p. A firm market of late on a brokers circular, Common Bros. met with profit-taking and lost 5 at 143p.

Courtaulds were only 2 cheaper at 79p at the close in Textiles where Tomkinsons shed 3 to 38p.

Ahead of to-day's mini-Budget, the Tobacco leaders joined in the general decline. BATs Industries, 268p, and the Deferred, 218p, both ended 5 lower, while Imps gave up 3 to 63½p.

Golds erratic

South African Golds declined for the sixth successive trading day despite the late rally in the bullion price, which closed 25 cents higher on balance at $135.375 per ounce after being $134.10 at the morning fixing.

Share prices also staged a modest recovery in late trading reflecting a small U.S. interest but were still lower on balance, causing a further 2.7 fall in the Gold Mines index to 119.9.

In the heavyweight issues, Randfontein gave up £1½ to £21½ while in front of the better-than-expected interim dividend West Driefontein fell to £18½.

Among the lower-priced stocks Doornfontein were 5 off at 215p, the disappointing interim dividend was announced after market hours.

Financials lacked direction. In the overseas-based stocks, Union Corporation fell 10 to 215p but GFSA rose a half-point to £1[illegible]. Continuing talk of a possible bid *for the company from one of the* oil giants enabled Rio Tinto-Zinc to put on 2 more to 169p, after 172p, *despite the sharp weakness* of the U.K. Industrial market. Charter, however, fell 4 to 1[illegible] *and Gold Fields gave up a similar* amount to 158p.

Platinums lost ground in [illegible] *trading, with Rustenburg a penny* off at a year's low of 92p. In Coppers, Messina lost 10 more to a year's low of 140p reflecting continuing unease over the Rhodesian situation.

Australians responded to the harder tone of overnight home markets but prices were restrained by the marginal fall in the investment currency premium. [illegible] South eased 2 more to 103p on further consideration of the rights issue news.

FINANCIAL TIMES STOCK INDICES

	Dec. 14	Dec. 13	Dec. 10	Dec. 9	Dec. 8	Dec. 7	A year ago
Government Secs.	58.87	59.01	58.75	58.55	58.61	58.38	[illegible]
Fixed Interest	58.82	58.46	58.01	58.12	58.18	58.26	58.65
Industrial Ordinary	324.3	333.7	330.4	318.1	319.8	318.6	[illegible]
Gold Mines	119.9	122.6	123.4	119.8	122.0	137.0	[illegible]
Ord. Div. Yield	6.70	6.54	6.62	6.85	6.72	6.82	[illegible]
Earnings Y'ld % (full)	21.08	20.53	20.79	21.44	21.05	21.36	[illegible]
P/E Ratio (net) (*)	5.95	7.13	7.04	6.82	6.97	6.88	[illegible]
Dealings marked	5,770	5,514	4,900	4,849	4,877	4,640	[illegible]
Equity turnover £m.	—	77.09	65.61	66.68	63.66	64.71	[illegible]
Equity bargains total	—	14,312	13,120	16,577	12,541	11,153	12,081

10 a.m. 333.7. 11 a.m. 331.8. Noon 331.2. 1 p.m. 332.0. 2 p.m. 332.1. 3 p.m. 324.6.

Latest Index 01-246 8026.

* Based on 52 per cent corporation tax. † Nil=7.50.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS / S.E. ACTIVITY

	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.27 (30/1)	55.88 (27/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (2/2)	55.47 (26/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5)	265.3 (27/10)	549.2	49.4 (26/6/40)
Gold Mines	246.9 (2/1)	78.8 (20/9)	442.3	43.5 (26/10/71)

	Dec. 14	Dec. 13
Daily		
Gilt-Edged	245.0	222.[illegible]
Industrials	179.8	172.[illegible]
Speculative	38.1	37.[illegible]
Totals	151.3	135.5
5-day Av'rge		
Gilt-Edged	197.6	188.5
Industrials	160.5	158.4
Speculative	34.2	32.9
Totals	117.9	113.7

Mortgage cut

MORTGAGE interest rates for nearly 2,000 existing borrowers with Northampton Borough Council are to be cut by ½ per cent. from April 1 to bring them in line with the 12 per cent. rate now offered to new borrowers.

Last posts

THE POST OFFICE said yesterday that for delivery by Christmas Eve, parcels should be posted no later than Friday, second-class letters by Saturday and first-class letters by Monday.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
ICI	£1	15	306	−8	402	25[illegible]
BATs Defd.	25p	15	218	−5	225	1[illegible]3
Shell Transport	25p	14	422	−6	462*	352
Beecham	25p	13	364	−8	390	269
BP	£1	13	738	−10	780	557
Distillers	50p	11	113	−4	158	95½
Lonrho	25p	10	64	+2	101½	47
Lucas Inds.	£1	10	190	−6	222	128
Natl. Westminster	£1	10	203	−4	272	168
P. & O. Defd.	£1	10	112	−4	119	87
Comm'l Union	25p	9	88	−3	158	76
EMI	50p	9	217	−3	277	178
GEC	25p	9	163	−2	169	112
Imperial Group	25p	9	63½	−3	88	50½
Midland Bank	£1	9	235	−7	320	200

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

Option Report—3-month Call rates

OPTION DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Dec. 7	Dec. 20	Mar. 10	Mar. 22
Dec. 21	Jan. 11	Mar. 24	Apr. 5
Jan. 12	Jan. 24	Apr. 6	Apr. 20

Calls were dealt in Berry Wiggins, Burmah Oil, Charterhall Finance, Decca "A," Shell Transport, ICI, Flight Refuelling, M.Y. Dart, Lonrho and National Westminster Bank warrants, while doubles were arranged in Burmah Oil, Guest Keen, EMI, Imperial Group, General Electric, Beecham, Allied Polymer, Berry Wiggins and Marks and Spencer. Short-dated doubles were transacted in Guest Keen, EMI, Imperial Group and General Electric.

Industrials							
A. Brew	5½	E.M.I.	17	Marks&Sp'ncer	6	Brit. Land	4½
A. P. Cement	15	Fitch Lovell	6	Midland Bank	22	Cap. Counties	5
Assoc. Leisure	3	Gen. Accident	12	Nat'l West Bank	20	E.P.	5
BSR	9	Gen. Electric	13	"Do" Warrants	7½	Intereuropean	7
Babcock	8	Glaxo	56	P & O Dfd.	11	Land Securities	14
Barclays Bank	22	Grand Met.	7	Plessey	[illegible]	MEPC	7
Berry Wiggins	6	G.U.S. 'A'	16	R.H.M.	6	Peachey	6
Beecham	28	Guardian	16	Rank Org 'A'	18	Samuel Props.	4½
Boots	12	G.K.N.	25	Reed Int'l	25	Town & City	2½
Bowater	16	Hawker Sidd.	35	Reyrolle	11		
B.A.T.	21	House of Fraser	8	Rothmans	4	Oils	
British Leyland	5	I.C.I.	20	Slater Walker	2	Brit. Petroleum	40
BOC	8½	"Imps"	7	Spillers	4	Burmah Oil	4½
Brown (J.)	9	I.C.L.	14	Tesco	4	Shell	27
Burton 'A'	6½	Inveresk	7	Thorn 'A'	22	Ultramar	14
Cadbury	5	Legal & General	12	Trust Houses	9		
Cavenham	10	Ladbroke	11	Tube Invest.	7	Mines	
Courtaulds	11	Lex Service	5½	Unilever	56	Charter Cons.	15
Debenhams	8	Lloyds Bank	22	Utd. Drapery	8	Chart'rhall Fin	4
Distillers	13	"Lots"	4	Vickers	15	Cons Gold	15
Dunlop	7½	London Brick	4½	Williams Hud'n	4	Hampton Areas	12
[illegible]	[illegible]	Lonrho	9	Woolworths	6	Rio T. Zinc	18
[illegible]	[illegible]	Lucas Inds.	[illegible]	[illegible]	[illegible]	Western M'ng.	15

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (9)

CORPORATION LOANS (1)
Essex [illegible]
ELECTRICALS (1)
Automated Security
ENGINEERING (1)
Christy Bros.
RUBBERS (1)
London Sumatra
MINES (1)
Ayer Hitam — St. Piran

NEW LOWS (17)

BRITISH FUNDS (1)
Treasury 15½pc 1998 A
BUILDINGS (2)
Beechwood — Fairview Estates
CHEMICALS (1)
Akzo NV
STORES (1)
Wearwell
ELECTRICALS (2)
Crellon — Dreamland
ENGINEERING (2)
Wombwell — [illegible]
INDUSTRIALS (2)
Bank Bridge — Dykes (J.)
PAPER (1)
Chapman
PROPERTY (1)
Bessor
OVERSEAS TRADERS (1)
Hoffnung (S.)
MINES (3)
Bishopsgate Plat. — Coronation
Rus. Plat. — Messina

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns., Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantation	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

BASE LENDING RATES

Allied Irish Banks Ltd. 14
American Express Bank 14
Amro Bank 14
Henry Ansbacher 14
Banco de Bilbao 14
Bank of Credit & Cmce. 14
Bank of Cyprus 14
Bank of N.S.W. 14
Banque du Rhone S.A. 14½
Barclays Bank 14
Barnett Christie Ltd. 14
Bear Securities Ltd. 14
Bremar Holdings Ltd. 14
Brit. Bank of Mid. East 14
■ Brown Shipley 14
Canada Permanent AFI 14
Capitol C & C Fin. Ltd. 14
Cayzer Bowater Co. Ltd. 14
Cedar Holdings 14
■ Charterhouse Japhet 14
C. E. Coates 14
Consolidated Credits 14
Co-operative Bank 14
Corinthian Securities 14
Credit Lyonnais 14
C. R. Davies 14
Duncan Lawrie 14
Eagil Trust 14
English Transcont 14
First London Secs. 14
First Nat. Fin. Corp. 14
First Nat. Secs. Ltd. 14
Goode Durrant Trust 14
■ Antony Gibbs 14
Greyhound Guaranty 14
Grindlays Bank 14
■ Guinness Mahon 14
■ Hambros Bank 14
■ Hill Samuel 14
C. Hoare & Co. 14
Julian S. Hodge 14
Hongkong & Shanghai 14
Industrial Bank of Scot. 14
Keyser Ullmann 14
Knowsley & Co. Ltd. 14
Lloyds Bank 14
London European 14
London Mercantile 14
Midland Bank 14
■ Samuel Montagu 14
■ Morgan Grenfell 14
National Westminster 14
Norwich General Trust 14
P. S. Refson & Co. 14
Rossminster Accepts 14
Royal Bk. Canada Trust 14
Schlesinger Limited 14
E. S. Schwab 14
Security Trust Co. Ltd. 14
Shenley Trust 14
Standard Chartered 14
Trade Development Bk. 14
Twentieth Century Bk. 14
United Bank of Kuwait 14
Whiteaway Laidlaw 14
Williams & Glyn's 14
Yorkshire Bank 14

■ Members of the Accepting Houses Committee.
* 7-day deposits on sums of £10,000 and under 11½%.
† 7-day deposits on sums of over £25,000 11½%.
‡ Demand deposits 11½%.
† Call deposits over £1,000 11%.

CORAL INDEX
Close 324-329

INSURANCE BASE RATES

† Property Growth [illegible]
Cannon Insurance [illegible]
† Address shown under Insurance and Property Bond Table.

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section. Columns for Tuesday, December 14, 1976.

	Equity groups	Index No.	Day's Change %	Est. Earnings Yield % (Max. Corp. Tax 52%)	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%
1	CAPITAL GOODS (178)	122.67	−1.6	22.98	7.82	5.48	5.43
2	Building Materials (30)	97.50	−2.5	25.25	10.04	5.97	5.96
3	Contracting, Construction (22)	151.02	−0.2	29.85	7.32	5.22	5.22
4	Electricals (16)	251.37	−2.5	19.49	5.76	7.66	7.46
5	Engineering (Heavy) (13)	166.01	−2.7	31.18	8.47	4.67	4.60
6	Engineering (General) (66)	114.84	−1.0	22.77	8.15	6.49	6.46
7	Machine and Other Tools (9)	85.79	+0.7	18.38	8.28	8.12	8.10
8	Miscellaneous (22)	103.54	−0.4	21.66	8.85	6.75	6.68
9	CONSUMER GOODS (DURABLE) (53)	105.10	−2.3	23.71	6.82	6.32	6.31
10	Lt. Electronics, Radio TV (15)	114.42	−2.9	22.16	5.15	5.72	5.71
11	Household Goods (13)	114.91	—	26.80	10.46	5.72	5.70
12	Motors and Distributors (25)	70.67	−2.1	34.99	8.07	6.01	6.01
13	CONSUMER GOODS (NON-DURABLE) (170)	125.59	−2.9	18.40	7.84	8.38	8.14
14	Breweries (15)	130.45	−4.0	18.28	8.94	8.20	8.20
15	Wines and Spirits (6)	147.10	−4.0	16.36	7.71	9.36	9.36
16	Entertainment, Catering (15)	156.63	−2.5	17.01	8.47	8.97	8.89
17	Food Manufacturing (23)	158.47	−2.8	21.14	6.77	7.14	7.02
18	Food Retailing (16)	120.66	−1.6	16.23	6.58	9.04	9.04
19	Newspapers, Publishing (16)	185.70	−1.5	14.22	5.77	10.66	10.65
20	Packaging and Paper (12)	83.26	−2.1	21.45	9.58	7.15	7.15
21	Stores (34)	100.92	−3.1	15.49	7.13	9.95	9.92
22	Textiles (24)	109.03	−2.3	18.89	10.88	8.40	7.85
23	Tobaccos (3)	198.54	−3.0	22.07	8.71	6.74	6.74
24	Toys and Games (6)	71.67	−0.5	25.03	8.62	5.62	5.60
	OTHER GROUPS (95)						
25	Chemicals (26)	189.50	−3.1	17.09	6.09	7.97	7.96
26	Office Equipment (9)	85.64	−2.9	18.41	8.05	7.94	7.94
27	Shipping (12)	365.51	−2.9	14.79	7.27	9.69	8.83
28	Miscellaneous (48)	130.43	−2.6	19.04	9.04	7.85	7.82
29	INDUSTRIAL GROUP (496)	129.80	−2.6	19.55	7.56	7.67	7.51
30	OILS (4)	396.03	−1.4	10.78	4.44	10.75	9.89
31	500 SHARE INDEX	150.94	−2.3	17.63	6.97	8.03	7.88
32	FINANCIAL GROUP (100)	106.92	−2.6	—	7.36	—	—
33	Banks (6)	151.56	−2.7	25.67	7.05	5.99	5.99
34	Discount Houses (10)	147.95	−1.4	—	9.45	—	—
35	Hire Purchase (5)	75.96	+1.9	9.67	8.91	22.87	22.87
36	Insurance (Life) (10)	88.42	−2.5	—	8.56	—	—
37	Insurance (Composite) (7)	85.08	−3.1	—	8.90	—	—
38	Insurance Brokers (9)	225.53	−3.2	18.85	6.10	11.24	11.24
39	Merchant Banks (15)	51.95	−0.8	—	8.09	—	—
40	Property (32)	122.08	−2.2	4.63	4.17	26.58	34.89
41	Miscellaneous (8)	67.37	−3.1	19.95	12.90	7.63	7.63
42	Investment Trusts (50)	142.50	−0.8	3.78	5.43	27.34	27.34
43	ALL-SHARE INDEX (650)	140.18	−2.3	—	6.95	—	—
	COMMODITY GROUPS (Not included in 500 or All-Share indices)						
44	Rubbers (9)	150.44	−2.2	8.55	5.95	16.64	14.25
45	Teas (8)	131.70	+0.7	32.02	9.34	4.11	3.98
46	Coppers (3)	141.75	−1.0	14.50	7.90	2.19	2.19
47	Mining Finance (11)	82.95	−1.1	11.26	5.82	9.75	9.67
48	Tins (5)	119.65	+0.6	11.82	9.29	13.01	12.55
49	Overseas Traders (13)	208.11	−0.1	17.67	6.65	7.75	7.75

The further columns of this table (Index No. for Monday Dec. 13, Friday Dec. 10, Thursday Dec. 9, Wednesday Dec. 8 and Year ago (approx.); 1976 Highs and Lows; Highs and Lows since Compilation) are [illegible] at this scan resolution.

	FIXED INTEREST	Tuesday, Dec. 14 Index No.	Yield %	Monday Dec. 13	Friday Dec. 10	Thurs. Dec. 9	Wed. Dec. 8	Tuesday Dec. 7	Monday Dec. 6	Friday Dec. 3	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.80	14.79	14.88	14.99	14.98	14.98	14.97	15.07	14.91	—	—	—	—
2	20-yr. Govt. Stocks (6)	44.80	14.43	45.03	44.70	44.65	44.44	44.55	44.21	46.05	[illegible]	53.45	42.51	115.42	38.27
3	20-yr. Red. Deb. & Loans (15)	45.77	16.06	45.59	45.35	45.27	45.23	45.27	45.02	45.09	[illegible]	52.40	45.09	113.43	37.01
4	Investment Trust Prefs. (15)	44.16	15.75	44.16	44.02	43.74	43.74	43.88	43.94	43.94	46.68	51.23	40.54	114.41	34.45
5	Coml. and Indl. Prefs. (20)	61.76	14.62	61.24	61.02	60.99	60.88	60.60	60.76	60.58	60.58	62.58	60.59	114.95	43.78

† Redemption yield. A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p. A record of the indices, sector and sub-section indices is available from FT Business Enterprises, 10 Bolt Court, London, EC4. FT-Actuaries indices are calculated by Exchange Telegraph Group on an IBM 370 computer. Section base dates and base values are [illegible].

MONEY MARKET

Interest rates lower

Bank of England Minimum Lending Rate 14¾ per cent.
(since November 19, 1976)

Short-term fixed period interest rates continued to decline in general in the London money market yesterday, *although some* initial disappointment over the November trade figures tended to *stem the fall in the late afternoon.* Discount houses buying rates for three-month Treasury bills ended at $13\frac{13}{32}$-$13\frac{7}{16}$ per cent., *indicating* a possible reduction of ½ per cent. in Minimum Lending Rate at Friday's Treasury bill tender.

Day-to-day credit was in very short supply, and the authorities gave *an exceptionally large* amount of assistance by buying a small number of Treasury bills *and eligible bank bills from the* houses and banks, and by lending an exceptionally large amount *overnight to 10 or 11 houses, at* Minimum Lending Rate.

Government disbursements exceeded *revenue payments to the* Exchequer, but this was outweighed by settlement of official *sales of gilt-edged stock, run-down* bank balances, a net market take-up of Treasury bills, an increase in the note circulation, and repayment of last week's and Monday's official advances to the market.

Discount houses paid up to 15¼ per cent. for secured call loans in *the early part and closing balances* were taken at 14¾-14¾ per cent.

In the inter-bank market *overnight loans opened at 15-15½ per* cent. and remained at 15¼-15½ per cent. until the early afternoon, when rates rose sharply to 19-20 per cent. After several sharp fluctuations, within a range of 15¼ per cent. to 20 per cent., the market finished at around 20 per cent.

Rates in the tables below are nominal in some cases.

Dec. 14 1976	Sterling Certificates of deposit	Interbank	Local Authority deposit*	Local Auth. negotiable bonds	Finance House Deposit	Company deposits	Discount market deposits	Treasury bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	15-20	—	—	—	15	14⅝-15⅛	—	—	—
2 days notice	—	—	15	—	—	—	—	—	—	—
†7 days or 7 days notice	—	14⅞-15⅛	15-15⅛	—	15¼-15¼	15	14⅝-14¾	—	—	—
One month	14⅞-14[illegible]	14[illegible]-15	14⅞-15	15¼-14⅜	15-15⅛	15⅛	14⅝-14⅝	13[illegible]-13[illegible]	14[illegible]-14⅝	15¼-15
Two months	14[illegible]-14[illegible]	14[illegible]-14[illegible]	—	15¼-14⅜	14⅞-12⅝	—	13¾-14¼	13⅞-13[illegible]	14[illegible] 14⅛	15
Three months	13[illegible]-13[illegible]	13[illegible]-14⅛	14⅛-14⅛	14¾-14⅛	14⅝-15¼	—	13⅞-14	13[illegible]-13[illegible]	13⅜	15-14¾
Six months	13[illegible]-12⅞	13[illegible]-13¼	14-14⅛	14¾-14¼	14¼-15	—	—	—	12¾	15-14⅛
Nine months	13[illegible] 12⅞	12⅞-13[illegible]	—	14¼-13⅝	15	—	—	—	—	—
One year	13[illegible]-12⅞	12⅞-13[illegible]	14¼-14⅛	14¼-13⅝	14⅛	—	—	—	—	—
Two years	—	—	14⅞-15	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. * Long-term local authority mortgage rates nominally three years 14⅛-15 per cent.; four years 14⅞-15 per cent.; five years 14⅞-15 per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13¾-13⅝ per cent.; four-month trade bills 14⅞ per cent. Approximate selling rate for one-month Treasury bills 13⅝-13½ per cent.; two-month 13⅛-13½ per cent.; and three-month 13¼-13⅛ per cent. Approximate selling rate for one-month bank bills 14⅛-14½ per cent.; two-month 14[illegible] per cent.; and three-month 13¾ per cent.; one-month trade bills 15¼ per cent.; two-month 15 per cent.; and also three-month 14⅝ per cent.

Finance House Base Rates (published by the Finance Houses Association): 15 per cent. from December 1, 1976. Clearing Bank Deposit Rates for small sums at seven days' notice 11 per cent. Clearing Bank Base Rates for lending 14 per cent. Treasury Bills: average tender rates of discount 14.0654 per cent.

AUTHORISED UNIT TRUSTS

Framlington Unit Mgt. Ltd. (a)
5-7, Ireland Yard, EC4B 5BH. 01-248 6971

Capital Tst.	53.4	56.6		6.56
Income Tst.	99.2	72.2		9.81
Int. Growth Fd.	56.4	60.0		4.06
Do. Accum.	53.8	57.2		4.36

Friend's Provdt. Unit Tr. Mgrs.
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	25.8	27.5	-0.3	6.26
Do. Accum.	31.5	32.9	-0.4	6.26

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is [illegible]ented below with quotations on London. Irish issues, most of which are not [illegible]ially listed in London, are shown separately and with prices as on the Irish [illegible]hange.

IRISH

						Conv. 9% '80/82	£90	
[illegible]ny Inv. 20p	16		Bigsons Brew.	68		Alliance Gas	47	
[illegible] Spinning	34		I.O.M. Stm. £1	134		Arnott	185	
[illegible]tam	21		Holt (Jos.) 25p	180		Carroll (P.J.)	94	
[illegible]wtr. Est. 50p	126		Kleen-e-Ze	37		Clondalkin	33	
[illegible]ver Croft	23	-1	Lovell's Ship £1	150		Concrete Prods.	41	
[illegible]g & Rose £1	350		N'thn. Goldsmith	22		Heiton (Hldgs.)	21	
[illegible]on (R.A.)	20		Pearce (C. H.)	85		Ind. News	37	
[illegible]s & McHdy.	485		Peel Mills	11		Ins. Corp.	145	
[illegible]ms Fr'k. 10p	25		RobbCaledonSh.	46		Irish Distillers	80	
[illegible]red	9		Sayers 12½p	15		Irish Ropes	94	
[illegible] Forge	49		Sheffield Brick	52		Jacob	40	-1
[illegible]lay Pkg. Sp.	16		Sheff. Refrsmt.	148		Sunbeam	32	
[illegible]ig Ship. £1	390		Shiloh Spinn.	29		T.M.G.	70	
[illegible]lan Sleigh 10p	6		Sindall (Wm.)	49		Unidare	46	

S. SIMPSON LIMITED

[illegible] 43rd Annual General Meeting of S. Simpson Limited was held on [illegible] December in London, Dr. S. L. Simpson, Chairman, presiding. [illegible] following are extracts from his circulated statement.

The background of economic depression, particularly affecting the [illegible]ling trade, led to periods of contraction of demand in top quality [illegible] cost clothing, but at the present moment we have orders both [illegible]ome and in export which will fill our production capacity for many [illegible]ths ahead.

[illegible]impson (Piccadilly) Ltd. increased its turnover and profit in spite [illegible]e first half year being disturbed by many disruptive incidents in [illegible]on. The last quarter of the Financial Year heralded the beginning of [illegible]matic increase of visitors from all parts of the World and this has [illegible]nued throughout the first quarter of the new Financial Year.

[illegible]oth DAKS-Simpson (Womenswear) Ltd. and The Invertere [illegible] Co. Ltd. have shown progress in the latter half of the year and [illegible]port fields, and this trend continues.

[illegible]oyalties from the sale of DAKS Clothing under licence in U.S.A. [illegible]progressive and we have added the Caribbean to our licensing [illegible]ns, which include Canada and Japan.

[illegible]n summary, we have passed through a difficult year with financial [illegible]s affected by inadequate manufacturing margins in a period of [illegible]essive inflation and this trend in manufacturing is not likely to be [illegible]sed until the second half of the current Financial Year. Simpson [illegible]adilly) Ltd. has continued to show resilient fundamental strength [illegible] there are many encouraging signs in our total activities, including Exports and Licensing projects, which justify a cautious optimism.

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555

Cnv. Bd. Dec. 13	$US8.98	+0.01	—
Energy Int. Dec. 13	$US14.51	-0.05	—
Gr.St. $Fd. Nov. 30	$US6.99		—

Warburg Invest. Mngt. Jrsy. Ltd.
1 Charing Cross, St. Helier, Jsy, CI. 0534 28041

CMF Ltd. Nov. 25	$US9.65	9.98		—
CMT Ltd. Nov. 25	£9.22	9.46		—
Metals Tst. Nov. 18	£12.27	12.57		—
TMT Dec. 9	$US10.74	11.01		—
TMT Ltd. Dec. 9	£10.82	11.10		—

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.

WorldWideGth.Fd.	$US11.89	+0.08	—

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥Net of tax on realised capital gains unless indicated by ♦. ¶Guernsey yield. #Suspended. ‡Single premium insurance bonds. ♦Yield before Jersey tax.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	Low	Stock	£	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
98 7/32	96 1/2	Treasury 6¼pc 1977‡‡	98 11/32	+1/32	6.36	14.38
97¾	94½	Electric 3pc '74-77	97½	......	3.08	13.43
103 7/32	97 7/16	Treasury 11½pc '77‡‡	98 25/32	+1/32	11.64	13.07
95½	91⅝	Treasury 3pc '77‡‡	94⅛	......	3.19	9.33
95 31/32	92¼	Transport 4pc '72-77	95 25/32 xd	......	4.18	8.43
99 7/16	90½	Treasury 9pc 1978‡‡	95 21/32	–1/32	9.41	12.84
101½	93⅞	Treasury 10½pc '78‡‡	96 31/32 xd	+1/32	10.84	12.85
93¼	89⅝	Exch. 5pc '76-78	90⅞	......	5.50	10.73
103 3/32	92 3/16	Treasury 11¼pc '78‡‡	95 1/16	–1/32	12.10	14.14
98¾	92 1/32	Treas. 11¼pc '79 'A'‡‡	95	–1/16	12.11	14.15
88⅔	82¼	Treasury 3pc '79‡‡	84⅛	......	3.57	9.69
89⅝	82¼	Electric 4¼pc '74-79	85⅛	......	4.99	10.54
100 3/32	88⅞	Treasury 10½pc '79‡‡	91 11/16	–1/16	11.45	14.08
88¼	82¼	Electric 3½pc '76-79	84¼	......	4.15	9.83
96 13/32	84½	Treasury 9pc 1980‡‡	87 13/32	–1/16	10.30	14.00
96½	84 7/16	Treasury 9¼pc '80‡‡	88 1/32	......	10.79	14.03
86	78¼	Treasury 3½pc '77-80	82 3/16 xd	+1/16	4.26	9.62
89½	80	Funding 5¼pc '78-80‡‡	82¾	+1/8	6.34	11.37
96 3/4	96 3/4	Exch. 13pc 1980‡‡	96½	–1/16	13.47	14.16
103 3/16	88½	Treasury 11½pc 1981‡‡	92 1/16 xd	–1/32	12.49	14.15
86	76¼	Treasury 3½pc 1979-81	77⅞	+1/8	4.49	10.12
95⅝	82 1/8	Treasury 9¾pc 1981‡‡	86⅓	–1/32	11.29	14.96
		Five to Fifteen Years				
94⅛	79⅝	Treasury 8¼pc '80-82‡‡	81¼ xd	–¼	10.37	13.53
71⅜	69¾	Treasury 3pc '82‡‡	71⅛	–¼	4.25	10.50
100⅔	98¼	Treasury 14pc '82‡‡	100⅓	–¼	14.17	14.31
107¼	88⅞	Treasury 12pc 1983‡‡	93⅝	–¼	13.23	14.29
81⅓	69⅝	Funding 5½pc '82-84‡‡	70½ xd	–¼	7.75	11.63
87⅝	74¼	Treasury 8½pc '84-86‡‡	75⅜ xd	–¼	11.22	13.02
74⅞	60⅛	Funding 6½pc '85-87‡‡	64½	–¼	10.20	12.95
77⅝	65⅓	Treasury 7¾pc '85-88‡‡	69¾	–¼	11.61	13.63
51¼	44⅝	Transport 3pc '78-88	47 xd	–¼	6.36	11.52
59¾	48	Treasury 5pc '86-89	51⅝	–¼	9.84	12.96
103¼	87	Treasury 13pc 1990‡‡	87⅞ xd	–⅜	14.69	15.06
75⅔	61⅝	Treasury 8¼pc '87-90‡‡	64⅜ xd	–¼	12.82	14.27

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 39% (based on $US1.6835 per £)

Conversion factor 0.7107 (0.7133)

CANADIANS

S.E. List Premium 39% (based on $1.7158 per £)

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

صكار من الأصل

INDUSTRIALS—Continued

INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

MINES—Continued

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

85	35	Botswana RST R2	38	-2	—	—	—
335	140	Messina R0.50	140xd	-10	Q45c	2.8	23.2

MISCELLANEOUS

10	8	Burma Mines 17½p.	9	......	0.1	ϕ	1.8
35½	15½	Charterhall 5p	20	-2	—	—	—
990	550	Cons. Murch. 10c	550	-10	Q140c	ϕ	20.0
440	245	Northgate C$1	380	......	—	—	—
239	132	R.T.Z.	169	+2	g5.96	2.1	5.4
112	55	Sabina Inds. C$1	62½	......	—	—	—
£15¾	£10	Tara Expln. $1	£12⅛	......	—	—	—
45	32½	Tehidy Minerals 10p	38	......	†h1.08	ϕ	4.4
145	84	Yukon Cons. C$1	123	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts, and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ☆ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ψ Excluding a final dividend declaration.
- ★ Regional price.
- || No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 18

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £325 per annum for each security

FINANCIAL TIMES
Wednesday December 15 1976

Production shows little improvement

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

INDUSTRIAL PRODUCTION is at best growing only very slowly at present, after hardly increasing at all over the last six months as a whole.

This is indicated by the industrial output index published yesterday which stood at 102.5 (1970=100, seasonally adjusted) in October, compared with 102.4 in the previous month.

The Central Statistical Office points out that in recent months the underlying level of industrial output has changed little. Over the last three months, the all-industries index has shown virtually no change compared with the previous quarter and manufacturing output has dropped by nearly half of one per cent.

INDUSTRIAL PRODUCTION
1970=100
Seasonally adjusted

		All Industries	Total Manufacturing
1975	1st	104.7	106.1
	2nd	100.3	100.5
	3rd	99.6	99.7
	4th	100.4	100.4
1976	1st	101.9	101.8
	2nd	102.1	103.2
	3rd	101.6	102.6
	May	104.3	106.1
	June	100.0	100.4
	July	101.7	103.0
	Aug.	100.8	101.7
	Sept.	102.4	103.2
	Oct.	102.5	103.3

Source: Central Statistical Office

The index figures for the last two months are, however, higher than in the depressed summer period and are not officially seen as ruling out some growth towards the end of the last quarter, as has also been indicated by CBI surveys.

But any pick-up is unlikely to be large and the most recent CBI trends inquiry showed that the balance of respondents forecasting an increase in the volume of production over the next four months had fallen to its lowest level (a quarter) since last February.

The prospect of only a weak recovery next year, underlined by most forecasts, provides the gloomy background to this afternoon's economic statement.

Mr. Denis Healey, the Chancellor of the Exchequer, has already said that on present policies before any measures, unless the growth of world trade improves, the growth in Gross Domestic Product is likely to be only between and 2½ per cent., compared with the 4½ per cent. annual rate projected in July.

The extent of the increase will depend largely on the rise in exports and investment.

The latest figures highlight how the recovery ran out of momentum after the spring, since the index is only now back up to the level of six months ago. Moreover, there has only been a rise in output of half of 1 per cent. between the last two half-years taken as a whole.

The analysis by broad market sectors shows that over the last three months compared with the previous quarter the only growth came from intermediate goods industries, such as chemicals, with a rise of half of one per cent., and there was a drop in production of the investment goods sector of nearly 2 per cent.

Mining and quarrying output rose by 1.3 per cent. on a quarterly basis, solely because of the build-up of North Sea oil production.

EEC may rename British companies

BY MICHAEL LAFFERTY

BRITAIN'S 16,000 public companies may be expected to change their names to include the word "public" in their titles under a Common Market company law approved unexpetedly by EEC Foreign Ministers on Monday.

The passing into law of the proposal, known as the Second Company Law Directive, seems to have come as a big surprise in London negotiations have been dragging on for over six years.

The Department of Trade in London confirmed yesterday that Government lawyers were busily studying the matter, and would draft legislation to implement the directive here as soon as possible.

An official at the Institute of Chartered ...Accountants ...expressed dismay that this had hhappened so quickly, commenting: "I do wish the EEC would not do these things to us."

The new law must be fully enforced in Britain within two years. Its most obvious impact would be in changes to the names of companies.

The Government must decide whether it should require public or private companies to include an indication of their status in their title, and if it would like to apply the ruling to the 16,000 public companies.

But City institutions ,laweyrs and company stationery merevhaints are thought to prefer changing the names of 500,000 private companies to include the world "private" in their names.

The directove lays down a minimum capital of 25,000 units of account for public companies, but there ils a seven-year transition period for companies with a lower capital.

Miners likely to back action to-day on claim

BY ROY ROGERS, LABOUR CORRESPONDENT

AN OVERWHELMING majority in favour of possible industrial action to support their demands for early retirement is expected when the results of the miners' pit-head ballot are declared later to-day.

There has never been any real doubt that the National Union of Mineworkers executive would be given the authority they sought to call industrial action, as yet unespecified, over the claim or that the National Coal Board would respond with an improved offer.

Last week Sir Derek Ezra, the NCB chairman, offered to re-open negotiations and marginal improvements on the Board's offer of voluntary retirement at 62 for underground workers with 25 years' service underground are anticipated.

They could include a lowering of the service qualification and possibly a further reduction in the retirement age itself, but there is no scope for introduction of the scheme—which is to be phased in—before the present pay policy expires next August.

While eager to see a negotiated settlement, the Government has made it clear to the NCB that the pay policy must remain intact. This means that there can be no implementation of early retirement before the end of next July unless the cost of the improvements is offset against the Stage Two pay settlement due to miners in April.

Miners' leaders are bound by an annual conference resolution to seek retirement at 60 from next month (January) with further staged reductions to 55 by 1980. But they realise they have little chance of achieving the claim in full and moderates on the executive are expected to use their majority to clinch a settlement provided the NCB comes up with a reasonably improved offer.

Formal negotiations are unlikely to resume before a special meeting of the NUM executive considers the ballot result next Tuesday but there will be an opportunity for informal discussion of the situation when NUM officials meet NCB industrial relations staff on other issues on Friday.

Meanwhile Mr. Joe Gormley, president of the NUM, warned last night that miners should not be expected to continue holding back on wages while prices keep on rising.

The TUC has called a special meeting of its key economic committee for tomorrow to consider to-day's budget proposals. A meeting of the full TUC general council may be called on Friday if it is thought necessary.

Miners had balloted to support the existing pay policy and would be bound by that decision, he said in a radio interview. "But I don't think we can carry the lads much longer along this path of lower living standards even to help out any political party."

This is seen as a clear warning that miners, who are hoping for a new productivity agreement, cannot be expected to endorse a further period of rigid pay restraint which excludes such deals.

Spain tense on eve of reform vote

BY ROGER MATTHEWS

MADRID, Dec. 14.

SPAIN IS due to take a major step towards a more democratic form of government to-morrow, when more than 22m. people have the right to vote in a national referendum on constitutional reform.

The poll will be the culmination of a 12-month battle in the regime, since the death of General Franco, over the pace and direction of change.

It is, however, only the first stage of liberalisation and will be followed by intensive negotiations between the Government, which has drawn up the constitutional reforms, and the illegal opposition parties that are demanding concrete democratic guarantees before next year's promised general elections.

Supported vigorously by King Juan Carlos, an affirmative vote in the referendum will provide for a two-chamber Parliament, with the senate elected by majority and the congress by a mixed form of proportional representation. The King retains the right to appoint up to one-fifth of the senate.

Protection

Officials were to-day confident of a substantial "yes" vote, tempered only by mounting anxiety over renewed extremist violence following the kidnapping last week-end of Sr. Antonio Oriol, president of the Council of State and a noted right-winger.

The government, headed by Adolfo Suarez, has ordered more Left-wing political leaders to be placed under police protection after a warning from the kidnappers that their patience was running out.

Supporters of Gen. Franco have utilised the kidnapping and the reappearance of Communist leader Santiago Carrillo in Madrid, to back up their campaign for a "no" vote, while ultras have been issuing death threats to Left-wing politicians.

An atmosphere of tension has been created in the capital which was fuelled last night in over two hours of fierce clashes between riot police and demonstrators calling for abstentions in the referendum.

Latest note

Many Left-wing parties have urged supporters not to vote because of the absence of democratic freedoms, accusing the Government of trying to impose "a changeo f face, rather than a change of substance."

The latest note from the kidnappers, said to be an extreme Left-wing group called GRAPO, warned: "The Government is trying to gain time to help the work of the police. This is a dangerous tactic. Do not force us to take a decision that we do not want to take. We are prepared to do anything."

GRAPO demanded the release of 15 named prisoners, held for terrorist offences, in return for the life of Sr. Oriol and has ruled out the possibility fo a cash ransom.

With pressuer from the Government's Right-wing enemies mounting, an intensive search for the kidnappers continued to-day.

Madrid streets were flooded with propaganda stating "Franco would have voted no" to vie with the thousands of Government posters and leaflets urging the public to use their vote positively.

hTe latest opinion poll shows that in the troubled Basque provinces more than 50 per cent. of the people intend to boycott the referendum.

Daily Express to switch to tabloid next month

BY MICHAEL THOMPSON-NOEL

THE DAILY EXPRESS is to be published in tabloid form from Monday, January 24, Sir Max Aitken, chairman of Beaverbrook Newspapers, said last night.

The move is seen as a bid to help stem the Express's declining circulation and improve its competitive position against Fleet Street's three existing tabloids—The Sun, Daily Mail, and Daily Mirror.

Although the announcement came as a "mild stock" to some members of the Express's editorial staff, who heard unofficially of the change yesterday morning, it had been expected for some time.

The Daily Express circulation fell by 203,767 copies (7.3 per cent.) in the six months between April and September, by far the biggest circulation drop of any national morning paper.

Of the three existing tabloid papers The Sun gained 262,035 copies, the Mail gained 32,856, and the Mirror lost 71,576, which represents a marginal 1.8 per cent. of its circulation.

Last night's announcement from Beaverbrook Newspapers said nothing other than that the Express was to be published in tabloid form from January 24.

But the move is clearly expected to help lighten the load of Beaverbrook's rising newsprint bill as well as cut costs.

Last month, the company said it was forecasting a loss for the current half year, which is thought to be about £1m. This follows a pre-tax profit in the year to last June 30 of £1.4m., despite a loss in the first six months of £202,000.

At the same time as it goes tabloid, the Express is expected to increase its cover price from 7p to 8p. No redundancies are expected.

Its falling circulation apart, the main problem at the Express is the rising cost of newsprint, which may have forced the company's decision to go tabloid. Sir Max said last month that in May and August the group had seen increases in newsprint prices of £35 a tonne, representing a 20.2 per cent.—a £5m.-plus, increase in a full year.

Since the summer, the fall in sterling has worsened the situation, and new newsprint rises are due in the New Year.

Beaverbrook Newspapers also publishes the Sunday Express and the London Evening Standard (a tabloid), each of which shed 7.3 per cent. of its circulation during April-September.

What seems likely is that Mr. Roy Wright, who succeeded Mr. Alastair Burnet as Express editor earlier this year, will take the revamped Express upmarket into the middle ground now successfully occupied by hte Daily Mail.

The last London paper to switch to tabloid was the Evening News, which did so in September, 1874. The News is thought to be losing money, but the Daily Mail, which also belongs to Associated Newspapers, was converted from a broadsheet to a tabloid in 1971 and has since prospered.

The news from the Express follows Monday's announcement by The Observer, in which a controlling interest was recently acquired by the Atlantic Richfield Company of the U.S., that it planned a shake-up in its section of the Sunday newspaper market with a big campaign to extend its readership.

● The Newspaper Publishers Association yesterday sent a letter to union general secretaries expressing deep concern about recent distruption of production because of industrial disputes.

Bullock Report reaches Dell

BY JOHN ELLIOTT, MANAGEMENT EDITOR

THE BULLOCK report on industrial democracy yesterday started its long and hazardous path towards the Statute Book when it was signed and sent to Mr. Edmund Dell, Secretary for Trade, the Cabinet Minister responsible for company law.

It was accompanied by a minority report signed by three industrialists on the Bullock Committee, together with a note of dissent produced by Mr. Nicholas Wilson, a partner in the London solicitor's firm of Slaughter and May.

The reports will be studied by Cabinet Ministers and will be published in the middle of next month.

The Government will meanwhile consider whether the issue should continue to be handled primarily by Mr. Dell or whether he should hand over the job of leading on the subject in Parliament to Mr. Albert Booth, Secretary for Employment, who has made speeches recently extolling the virtues of the Bullock approach.

The majority report, signed by seven members of the Bullock Committee, recommends that company law should be changed to provide for trade union-based employee representatives on Boards in a single-tier structure with shareholders losing some of their rights of control over a company's affairs.

The minority report, produced by the three industrialists, wants progress to be made towards general employee participation.

It foresees a possibility in a few years' time of worker-directors, not necessarily tied to trade unions, being given a fixed minority of seats on a supervisory Board in a two-tier structure.

These three industrialists hope that the CBI and other employers will back their approach and it is clear that the Government will come under a lot of pressure to water down the Bullock proposals.

Yesterday the Engineering Employers Federation warned that it was preparing for a major campaign against the imposition of worker directors.

Although nothing has yet been finalised, the Government's present plans are inclining towards the publication of a White Paper during the summer.

The timing of this would be carefully judged so that it could be used as a sop to the TUC during talks on the next stage of the social contract pay policy.

A Bill would be introduced in Parliament at the end of the summer or early autumn which would receive a second reading and fall at the end of the session.

It would then be reintroduced in a year's time, which means that the earliest that any worker-director legislation is likely to receive Royal Assent, on present plans, is in the second half of 1978.

Continued from Page 1

Jobs abroad

£15,000 a year, though some are earning much more.

"In statistical terms the numbers may not seem significant," Mr. Corfield said, "but there are very few managers of this calibre and experience around; these are the people who can make British industry grow."

According to personnel managers, the lack of monetary incentive is only part of the explanation. "There's a feeling that you are some sort of criminal if you are doing a senior job earning more than £10,000 a year," one said. "The impression is that you are not wanted here any more."

There is particular anger at statements from Government Ministers that the burden on sneior managers is unfair and should be relieved, only to be followed by a savage attack on management "perks," which have been a long-established part of their remuneration.

The emigration and repatriation of senior executives have caused problems for international companies for a number of years, but the situation has now become far worse. One ITT manager who recently returned to the U.K. from a spell overseas reckoned that his after-tax income in dollar terms was less than it has been seven years earlier in a junior administrative post in Brussels.

The cost of private education is another significant factor for some managers. One said he was not prepared to have the choice of education for his children made for him by government taxation and incomes policies; hence he is taking an overseas appointment.

Weather

U.K. TO-DAY

WIDESPREAD FOG, dense in places and slow to clear, with some hazy sunshine in places later. Cold with frost by night.

England

Widespread fog, dense in places and slow to clear, with hazy sunshine and night frost. Max. 3C (37F).

Wales, S.W. England, Channel Is.

Cloudy, but mostly dry, with fog patches clearing. Max. 7C (45F).

Isle of Man, West Scotland, Ulster

Mostly cloudy but dry. Max. 8C (46F).

Borders, E. Scotland, the Highlands

Widespread fog, locally dense, slow to clear but some hazy sunshine later. Night frost. Max. 2C (36F).

Outlook: Dry but cold with night frost and fog.

Lighting-up: London 16.22, Manchester 16.20, Glasgow 16.13, Belfast 16.28.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amstrdm.	S	0	32	Madrid	F	11	52
Athens	C	10	50	Manchstr.	C	5	41
Barcelona	C	10	50	Melbourne	S	28	82
Belfast	R	7	45	Milan	S	2	36
Belgrade	S	3	37	Montreal	S	—9	16
Berlin	Sn	—1	30	Moscow	Sn	—2	28
Birmghm.	Fg	3	37	Munich	S	—3	27
Bristol	S	5	41	Newcastle	Fg	4	39
Brussels	C	2	36	New York	S	27	81
Budapest	C	0	32	Oslo	S	—3	25
B. Aires	R	19	66	Paris	S	—1	30
Cairo	S	25	77	Perth	S	24	75
Cardiff	S	5	41	Prague	S	—2	28
Cologne	R	1	34	Reykjavik	S	—1	30
Copnhagn.	C	—1	30	Rio de J'o	S	34	93
Dublin	R	7	45	Rome	S	10	50
Edinburgh	Fg	3	37	Singapore	S	25	77
Frankfurt	Sn	0	32	St'ckh'lm	S	—11	12
Geneva	C	0	32	Sydney	S	27	81
Glasgow	C	5	41	Tehran	S	12	54
Helsinki	Sn	—4	25	Tel Aviv	S	18	66
Hong Kg.	S	19	66	Tokyo	S	12	54
Jo'burg	C	24	75	Toronto	S	—2	28
Lisbon	C	14	57	Vienna	S	0	32
London	R	5	41	Warsaw	S	—1	30
Luxembg.	C	—2	28	Zurich	S	—2	28

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	F	13	55	Majorca	S	14	57
Biarritz	S	10	50	Malaga	F	16	61
Blackpool	F	4	39	Malta	S	14	57
Bordeaux	S	7	45	Nairobi	R	20	68
Casablnca.	C	20	68	Naples	F	9	48
Cape Tn.	C	22	72	Nice	F	10	50
Dubrovnik	F	7	45	Nicosia	S	17	63
Gibraltar	C	15	59	Oporto	C	15	59
Guernsey	C	5	41	Rhodes	S	17	63
Innsbruck	S	—5	23	Salzburg	C	—3	27
Inverness	C	0	32	Tangier	C	18	64
Is. of Man	C	8	46	Tenerife	R	17	37
Istanbul	C	4	39	Tunis	F	16	61
Jersey	F	5	41	Valencia	S	15	59
Las Plms.	S	21	70	Venice	S	0	32

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow. Fg—Fog.

THE LEX COLUMN

Guinness beats its targets

Profits of £39.3m. from Guinness in the year to September compare with a forecast last February of something in line with the previous year's £29.1m., and with June's projection of profits in excess of £30m. One reason why the group has done so much better than it originally thought likely is that although brewing volume in both the U.K. and Eire has fallen by roughly 5 per cent., trading profits in these two markets have actually risen by perhaps a sixth, to roughly £20m.

Overall brewing profits are up from £24.1m. to £31.3m. before interest: in addition, the associates have increased from £5.8m. to £8.3m. pre-tax thanks to strong performances in Nigeria and at Harp Lager (over a fifth better at £3.3m.). Elsewhere the plastics business picked up sharply as the year progressed, and profits recovered to £1m.

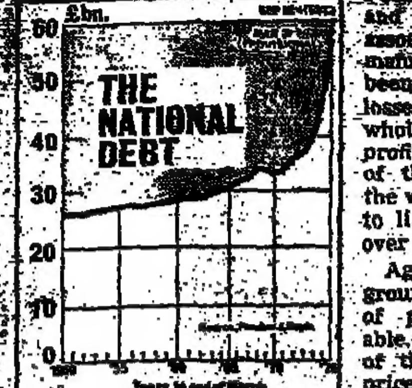
However the pace overseas appeared to slacken in the second half, and the Nigerian associate in particular may be pressed to maintain its contribution this year when its margins are coming under pressure. Together with the familiar worries about the underlying trends in the domestic markets, where Guinness is still suffering from the switch from bottled to draught beers, this explains the below average rating at 114p, with a yield of 8.8 per cent. and p/e of 5.

But the group is continuing to expand overseas. A new stout brewery is now under construction in Nigeria, and there are better hopes for the U.S. market, which has finally moved into profits—a turnround worth maybe £½m. last year. Moreover the figures have been rather less distorted by inflation than some other brewers'; CCA adjustment cuts the pre-tax figure by two-fifths and, given reasonable assumptions about the tax charge, leaves the dividend comfortably covered.

Mismanagement

The last edition of British Government Securities in the Twentieth Century, an invaluable reference work published by brokers Pember and Boyle, appeared in the autumn of 1972: the period since then, according to the latest edition, has witnessed "the most coninuous mismanagement of the nation's finances in modern times." There are over 400 pages of charts and tables to support this claim.

Index fell 9.4 to 324.3



One of the most striking charts analyses central government borrowing by type of paper issued since 1963-64. Even more dramatic than the explosion in gilt-edged sales to over £5bn. in 1975 (more than the combined net sales of the previous eight years) has been the increased use of Treasury bills, which until 1975-76 had never amounted to more than £500m., and had often been a negative item. Then they shot up to over £2½bn.

The long term trends in Government borrowing and in the overall levels of national debt provide a graphic background to these alarming figures. The best hope in the market is that today's package will signal a return towards financial prudence, under the firm direction of the IMF, and it was prepared to brush aside yesterday's dreadful trade figures as a product of the bad old policies, which provide no useful guide to the future. Most of the declines in equities took place earlier in the day, and no-one was prepared to change his position in the gilt edged market.

Montague Meyer

A string of buoyant results from timber companies has suggested that the sector is once more taking sizeable stock profits; the trend is confirmed by Montague Meyer, where profits for the first half of 1976-77 are £3.8m. higher at £7.7m. pre-tax. Roughly a third of the upturn can be attributed to the combination of an acquisition (Keizer Venesta), February's rights issue proceeds and reduced losses among the associates. And the window manufacturing operations have been breaking even, against losses of about £1m. during the whole of 1975-76. But stock profits still account for the bulk of the half-year upturn, with the weakness of sterling helping to lift softwood prices by well over two-fifths since January.

Against the prevailing background of demand this pattern of profitability looks vulnerable, and it can only be a matter of time before domestic U.K. prices stabilise or even start to slide. The sector is heavily bank-financed and current money cost could easily induce a round of distress selling in some quarters.

For its part, Meyer is confident about higher profits this year, and outside forecasts suggest £12½m. pre-tax, against £8.2m. The Hallam associate might lose as much as £1m. this year and Meyer hopes to get this company out of the red fairly quickly. But the main wood wholesaling operations must now be feeling very comfortable—which explains the prospective p/e of 4 and a well covered yield of 14 per cent.

Stenhouse

At £7.48m. pre-tax, against £4.98m., the 1975-76 profits from Stenhouse are broadly in line with market projections. The industrial operations have had another static year but broking revenue has continued to power ahead and the group has managed to keep its expense ratio in check. Profits here are 45 per cent. higher at £6.7m., and if Stenhouse had used year end exchange rates—instead of average rates—they would have been closer to £8m. Canada and Australia provided most of the impetus, and there is no reason to suppose that the generally favourable background has changed much since September. The shares have under-performed the sector this year, leaving the p/e at roughly a point under the brokers average at 8½. But the industrial side (which has been going through a bad patch in jewellery) now contributes less than a tenth of total profits.

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